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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Report of the Office of Internal Oversight Services**

Summary

The present report is submitted in conformity with General Assembly resolutions 48/218 B (para. 5 (e)), 54/244 and 59/272 (paras. 1-3). It covers the activities of the Office of Internal Oversight Services (OIOS) during the period from 1 July 2004 to 30 June 2005.

The Office identified a total of $35.1 million in recommended savings, of which a total of $18 million was actually saved and recovered. Approximately $3 million was identified as loss or waste of resources (see table 1). The Office issued 2,167 recommendations to improve accountability mechanisms, internal controls and organizational efficiency and effectiveness, of which 779, calling for, inter alia, improvements in productivity, savings in and recovery of resources and accountability for fraud, waste and abuse, were classified as critical to the Organization. About 50 per cent of all OIOS recommendations have already been implemented (see paras. 9-12, figure I and annex II).

Mindful of the current challenges in the Organization and in the OIOS itself, oversight assignments were undertaken (see sect. II) to address the risk areas most likely to affect the Organization's ability to effectively carry out its mandated activities. Efforts focused on: identifying weak internal controls in order to strengthen the Organization's ability to protect its human and financial resources; rooting out corrupt practices; and assistance to correct poor programme and performance management. In order to meet new challenges, the Office is undertaking a number of initiatives (see sect. III below).

* A/60/150.

** The reporting period of the annual report (1 July 2004-30 June 2005) and the need to obtain the response of client departments and offices to recommendations issued during the period precluded the possibility of meeting the 19 August 2005 deadline for the submission of the present report.

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The Office routinely recognizes good initiatives and well-functioning controls and is proactive as well as reactive in its efforts to provide assurance to the Member States, the Secretary-General and the public that the Organization's resources are being utilized in the most effective and efficient manner.

Highlights of the internal oversight assignments undertaken to assist the Organization in mitigating its exposure to risks include:

- **Tsunami relief operations**: as reported to the Secretary-General earlier this year, OIOS undertook a comprehensive tsunami relief risk assessment in collaboration with Secretariat departments and funds and programmes. Internal auditors identified ways to improve the coordination and administration of the multi-agency United Nations relief effort. Investigators pointed out the need for enhanced field security, improvements in relief coordination and rectification of flaws in procurement procedures, and suggested the establishment of a regional oversight office to service all agencies involved (see paras. 41 and 42 and 89).

- **Sexual exploitation and abuse**: investigations at the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and other peacekeeping operations identified serious cases of misconduct and the need for increased prevention and detection. In July 2005, OIOS received additional resources to handle existing and emerging cases of sexual exploitation and abuse. The Investigations Division and the Department of Peacekeeping Operations are working together to ensure that serious cases are handled swiftly, in collaboration with troop-contributing countries, in order to achieve the objectives set out in the report of Prince Zeid Ra'ad Seid Al-Hussein of Jordan (A/59/710) and to communicate to all United Nations personnel the fact that the Organization has zero tolerance for sexual exploitation and abuse (see paras. 15-18).

- **United Nations Compensation Commission**: as mandated by the General Assembly in its resolutions 59/270 and 59/271, OIOS continues to provide internal oversight, funded by the auditee, of the billion-dollar claims process of the Commission, established by the Security Council "to process claims and pay compensation for direct losses and damage suffered by individuals, corporations, Governments and international organizations as a direct result of Iraq's invasion of Kuwait" (Security Council resolutions 687 and 692 (1991)) (see paras. 73-83).

- **Procurement**: since its establishment in 1994, the Office has audited and investigated procurement activities at United Nations Headquarters, offices away from Headquarters and field missions. Audits for the current period included procurement by peacekeeping missions and the risks associated with the capital master plan on the refurbishment of the United Nations Secretariat. Investigations dealt with allegations of corrupt behaviour by United Nations staff; accountability for theft of United Nations property; and collusion between United Nations staff and vendors (see paras. 44-51).

- **Whistleblower protection policy**: the Office initiated a working group which prepared the drafts for the Organization's first whistleblower protection policy, proposing the establishment of an ethics office at the United Nations.

- **Poverty eradication in the framework of the United Nations Millennium Declaration**: the thematic evaluation concluded, inter alia, that the highly complex system that connects and coordinates the poverty eradication activities of Headquarters, regional and field offices was not conducive to the consistent and systematic transmission of knowledge, guidance and experience (see para. 59).

- **Strengthening the results-based management culture**: strong monitoring and evaluation practices must be fully embraced and implemented by the intergovernmental bodies and the Secretariat if the Organization is to meet the challenges articulated by the international community. This is the conclusion of a report to the Assembly prepared by OIOS in collaboration with the Joint Inspection Unit. The Office has produced a tutorial, a glossary and is conducting training to enhance programme performance monitoring and reporting (see paras. 56 and 57: for further information about the mandate, activities and reports of OIOS, please visit: http://www.un.org/Depts/oios).

In view of the new provisions for submission of OIOS reports to the General Assembly, as specified by the General Assembly in paragraph 3 of its resolution 59/272, the Assembly might want to modify the relevant agenda item to conform to the new procedure. This would allow the Office to entitle its annual report "Report on the activities of the Office of Internal Oversight Services" in accordance with the mandate.

Preface by the Under-Secretary-General for Internal Oversight Services*

I am pleased to submit my first report to the General Assembly on the activities of the Office of Internal Oversight Services during the 12-month period ending 30 June 2005. I am honoured to serve as the third Under-Secretary-General for Internal Oversight Services and hope to strengthen the foundation on which the Office operates, as laid by my two predecessors, Karl Th. Paschke of Germany and Dileep Nair of Singapore. I would like to thank both Mr. Paschke and Mr. Nair for their work and dedication to the mission of the Office and the goal of strengthening the oversight of the United Nations.

The Office is entrusted with critical responsibilities in enhancing the effectiveness of United Nations programmes through the continuous improvement of internal control mechanisms in the Organization. In order to further improve accountability and oversight, the Secretary-General had proposed that a comprehensive review of OIOS operations be undertaken. The aim of the review would be to strengthen the independence and authority of the Office while ensuring that it is fully equipped in terms of resources, expertise and capacity to carry out all aspects of its work (see A/59/359 and A/59/2005, para. 192).

I fully support the Secretary-General's proposal to assess the functions and reporting procedures of the Office, including roles, capacities and resource requirements. Such a review must be objective, independent and comprehensive to have the desired benefit for the Organization and input to my strategic plan for the Office. It should include an examination of the effectiveness of the internal control environment in the United Nations as well as the relationship of OIOS with other United Nations funds and programmes and the specialized agencies, as well as an examination of OIOS interaction with the two other members of the United Nations control family, namely the Board of Auditors and the Joint Inspection Unit.

I hope the proposal for a comprehensive review will have the support of Member States and look forward to collaborating in this endeavour and to benefit from its findings as I embark on my term as Under-Secretary-General of the Office.

I am proud to serve as the head of the Office and its staff and look forward to receiving the collaboration of client departments and Member States to enable me to carry out this important mandate.

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services
New York, 8 September 2005

* Ms. Inga-Britt Ahlenius took office as the Under-Secretary-General for Internal Oversight Services on 15 July 2005.

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I. Introduction

A. Mandates and objectives

1. The overall objective of the Office of Internal Oversight Services (OIOS) is to enhance effectiveness in the implementation of all United Nations programmes through the continual improvement of internal control mechanisms within the Organization.[1] The mission of the Office, operating in compliance with General Assembly mandates, is to provide internal oversight services that add value to the United Nations through independent, professional and timely audit, monitoring, inspection, evaluation, management consulting and investigations activities. The Office strives to be an agent of change that promotes responsible administration of resources, a culture of accountability and transparency and improved programme performance.

2. The Office's 2004 self-evaluation, conducted in advance of the General Assembly's five-year review of the mandate of OIOS, revealed areas in need of improvement in order to ensure its continued efficiency and effectiveness.[2] The status of the key goals identified in the self-evaluation is reported below:

(a) *Full delegation of authority to the Office to propose and manage its financial and human resources to ensure its independence in line with its mandate and consistent with the best practices for oversight and good governance*. **Status: in progress.** The independence of the Office is potentially restricted in a number of ways: due to limited resources, OIOS is unable to conduct a full-fledged risk analysis on which to base its oversight coverage of the United Nations programmes and activities. The Office has limited authority on personnel actions, which might also hamper its independence. The Office also views its funding arrangements with funds and programmes as seriously flawed and thus constituting a potential conflict of interest and an infringement on its independence (funds and programmes reimburse OIOS for audit and investigation services on an ad hoc basis through memoranda of understanding). OIOS is taking steps to draw attention to this weakness in its funding, expecting that, when established, the oversight committee will advise the General Assembly on this issue.

(b) *Establishment of a high-level oversight coordinating mechanism in the Organization to strengthen monitoring of oversight reports and timely implementation of oversight recommendations*. **Status: in progress.** The Secretary-General has announced that a high-level oversight committee is being established to closely monitor oversight reports and the implementation of recommendations of the three oversight bodies: OIOS, the Board of Auditors and the Joint Inspection Unit.

(c) *Development of an interactive reporting mechanism for clients to update the status of actions taken to implement recommendations*. **Status: in progress.** The Office is finalizing phase I of Issue Track, a recommendations monitoring system that is part of the electronic working papers project aimed at automating and enhancing the audit processes. The system tracks the implementation of recommendations issued by the Office. Phase II of the project will provide client Departments with access to the system, allowing them to update the status of their actions to implement recommendations.

3. Other areas identified for improvement included: (a) a strengthened information and communications programme on internal oversight; (b) provision of

oversight-related training to United Nations staff; (c) improved format and quality of oversight reports; (d) clarification of the role of programme managers in investigations; and (e) implementation of an audit strategy for risk assessment of information technology systems. The status of these goals is pending.

B. Independence and resources

4. Under a separate delegation of authority from the Secretary-General, the Under-Secretary-General for Internal Oversight Services exercises a degree of autonomy and control over OIOS personnel and resources.[3] The first interim report issued by the Independent Inquiry Committee, headed by Paul A. Volcker, recommended strengthening the independence of OIOS in budgetary matters, extending such independence to the arrangements with funds and programmes. To that end, OIOS is proposing that resources approved for new programmes and activities must include allocations for internal oversight coverage. This would strengthen the independence of the Office in the planning and execution of its oversight activities (see para. 2 (a) above).

5. The inadequacy of the resources available for mandated oversight coverage of extrabudgetary activities continues to be a concern. As an illustration of this, the limited resources provided for internal audit coverage of the capital master plan constitute a significant risk to the management of the Organization.

6. More than 70 per cent of the Office's audit clients away from Headquarters are funded from extrabudgetary resources. The lack of an effective and enforceable mechanism for funding both audit and investigation activities in these agencies has forced the reduction and in some cases elimination of OIOS investigations. While funding arrangements are in place for the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Office on Drugs and Crime, the International Trade Centre UNCTAD/WTO, the United Nations Environment Programme (UNEP), the United Nations Human Settlements Programme (UN-Habitat) and the Economic Commission for Africa and an agreement has been reached with the Office of the United Nations High Commissioner for Human Rights (OHCHR), negotiations with the United Nations University and the United Nations Conference on Trade and Development (UNCTAD) are still ongoing. No agreement has been reached with the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification, which both welcomed the OIOS proposal of establishing an in situ oversight function, but felt that limited resources did not allow them to give priority to establishing the required post. If funding is not forthcoming, as of 1 January 2006, OIOS may have no choice but to discontinue auditing certain extrabudgetary activities.

7. Due to limited resources, the Office was unable to make certain necessary enhancements to the Integrated Monitoring and Documentation Information System (IMDIS) and to provide full-fledged monitoring and evaluation training to staff in offices away from Headquarters.

8. As at the end of June 2005, the Office had a total of 194 posts: 135 at the Professional and 59 at the General Service level. Of these posts, 103 are funded from extrabudgetary resources, including 32 resident auditor posts in the peacekeeping missions as well as 10 regional investigator posts for cases in

peacekeeping missions. The OIOS annual budget totalled $32.2 million, of which $12.3 million was funded from extrabudgetary resources.

C. Statistics on savings and recommendations

9. The Office identified a total of $35.1 million in recommended savings, of which a total of $18 million was actually saved and recovered. In addition, some $3 million was identified as loss or waste of resources[4] (see table 1 below and annex III).

10. The Office issued 2,167 recommendations to improve accountability mechanisms, internal controls and organizational efficiency and effectiveness. Some 779 recommendations were classified as critical[5] to the Organization, calling for, inter alia, improvements in productivity, savings and recovery of resources and accountability for fraud, waste and abuse. Approximately 43.5 per cent of the critical recommendations and 50 per cent of all recommendations have already been implemented (see figure 1 below).

11. Critical recommendations that have not yet been implemented by programme managers remain a concern to the Organization and should receive the utmost attention of executive and senior management. The Office would like to stress that since implementation is ongoing, progress may have been made in implementing the recommendations listed below that are of greatest concern to OIOS (see also annex II):

(a) Issued between 1 July 2001 and 30 June 2002

United Nations Office at Nairobi: Inspection of the administrative and management practices (1): 1 not started

(b) Issued between 1 July 2002 and 30 June 2003

United Nations Office at Nairobi: Investigation into the alleged procurement anomalies in awarding United Nations Staff Transportation Contract (1): 1 not started

(c) Issued between 1 July 2003 and 30 June 2004

Department of Management: Report on the audit of the functioning of the Headquarters Committee on Contracts (10): 1 not started

Department of Management: Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures (1): 1 not started

Department of Peacekeeping Operations: United Nations Logistics Base: strategic stocks formation (12): 1 not started

Office of Human Resources Management: Audit of policies and procedures for recruiting staff in the Department of Peacekeeping Operations (3): 2 not started

United Nations Compensation Commission: F-3 claims: part 2 of 3rd instalment (18): 17 not started

United Nations Interim Administration Mission in Kosovo (UNMIK): Investigation into the fraudulent diversion of $4.3 million by an UNMIK staff member of the reconstruction pillar (7)	1 not started

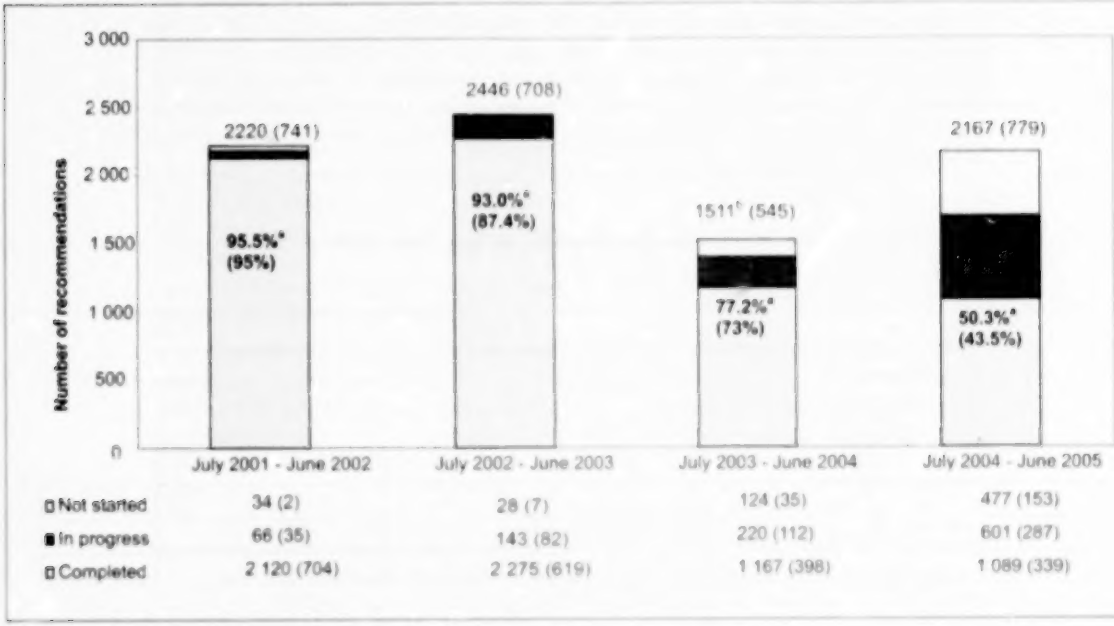
12. A total of 267 audit, investigation, inspection and evaluation reports and management reviews were completed. Of these, 23 reports were issued to the General Assembly. Approximately 4 per cent of all assignments in the 2005 workplan were mandated by Assembly resolutions, including in-depth, triennial and thematic evaluations, audits and reviews.[6] Some 70 per cent of all assignments in the 2005 workplan were identified and are being undertaken based on the 2005 risk management framework.

Table 1
Recommended and actual savings/recoveries during 2004–2005
(In millions of United States dollars)

	Recommended	*Actual*
Recoveries	11.7	0.7
Reduced expenditures	22.3	17.3
Other (additional income)	1.1	0
Total	**35.1**	**18.0**
Loss or waste of resources[a]	3	

[a] This figure is based solely on loss or waste identified by OIOS Internal Audit Division I.

Figure I
Status of implementation of all recommendations issued by the Office of Internal Oversight Services, as at 30 June 2005
(Figures in brackets refer to critical recommendations)



[a] Percentage of recommendations that have been implemented as at 30 June 2005.

[b] The number of recommendations issued during the previous period decreased mainly due to a concerted effort to include only the most significant and specific recommendations in oversight reports.

II. Oversight results by risk area

13. OIOS monitors its risk management framework at quarterly intervals in order to update its work plan and focus its resources to those areas that have the greatest exposure to fraud, waste, abuse, inefficiencies and mismanagement. The factors taken into consideration when developing the annual work plan include: risks to the Organization's resources and reputation; mandates of the General Assembly; requests from Departments and Offices for oversight coverage; large budget items; new activities with no previous oversight coverage; and priority areas for the Secretary-General.

A. Management of peacekeeping operations

14. The expansion of United Nations peacekeeping activities, both in numbers and in types of activity, has strained both the Department of Peacekeeping Operations and OIOS. This has exposed the Organization to multiple risks as demonstrated during the past 12-month period. The Department of Peacekeeping Operations and mission managers are operating under constant and serious pressure and with

limited management to provide the kind of supervision needed. To assist in mitigating the risks, the General Assembly has increased the number of resident audit staff around the world from 30 to 51, in line with a formula endorsed by the Assembly for providing internal audit coverage of peacekeeping missions (one professional auditor per $100 million annual budget). In general, OIOS is satisfied that the Department of Peacekeeping Operations and the peacekeeping missions have taken the necessary action to implement audit recommendations and to address issues raised in audit reports. At the advice of the Advisory Committee on Administrative and Budgetary Questions, the Assembly, in May 2005, approved the establishment of small resident investigator offices in six of the missions. The ability of both OIOS and the Department of Peacekeeping Operations to cooperate to the greatest extent possible to improve controls, reduce corruption opportunities and eliminate wrongdoing will be the goal in the coming reporting period.

Sexual exploitation and abuse

15. The increase in the number of reports of sexual exploitation and abuse at peacekeeping missions and duty stations led the General Assembly, in April 2005, to adopt resolution 59/287, in which it requested OIOS to investigate these cases along with all other significant and serious cases of misconduct regardless of location or persons involved. As a result, new procedures are being developed. Additional resources were approved to meet the challenge, not only of conducting the investigations, but also of identifying and detecting the cases and training personnel who are the initial receivers of information and of programme managers on their roles.

State of discipline in peacekeeping missions

16. Owing to the above-mentioned sharp increase in reported cases of serious misconduct, in particular cases of sexual exploitation and abuse by peacekeeping personnel, it is evident that the discipline of peacekeeping and other personnel has become one of the main issues that the Organization needs to address.

17. Based on a survey of all categories of peacekeeping personnel at 19 peacekeeping operations, OIOS reported to management that although, in general, staff had a positive perception of discipline at individual peacekeeping missions, a significant number believed that misconduct was occurring, but going undetected and unpunished. Auditors noted that training was insufficient and that, except for sexual abuse cases, complaints were not properly recorded or filed. There were also no clear procedures in missions for personnel to make complaints and, in many instances, inadequate systems to follow up on complaints.

18. Audit work has been completed at the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Mission of Support in East Timor (UNMISET) and the United Nations Military Observer Group in India and Pakistan (UNMOGIP), as well as the United Nations Logistics Base in Brindisi, Italy. In order to address the issues raised by OIOS, the Department of Peacekeeping Operations is establishing Conduct and Discipline Units at peacekeeping missions, with the responsibility for preventing, identifying, monitoring and addressing misconduct among all categories of mission personnel. The units have already been established at the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Organization Mission in the Democratic Republic of the Congo

(MONUC), the United Nations Office at Nairobi (ONUB), the United Nations Operation in Côte d'Ivoire (ONUCI), the United Nations Mission in Liberia (UNMIL), the United Nations Mission in the Sudan (UNMIS), the United Nations Office in Timor-Leste (UNOTIL), and the United Nations Mission in Sierra Leone (UNAMSIL).

Joint investigations at the United Nations Interim Administration Mission in Kosovo

19. OIOS has provided staff and resources to the ongoing work of the Investigations Task Force at UNMIK that is focusing on systemic corruption in the publicly-owned enterprises. Investigators have spent approximately 18 months looking into the most significant charges of corruption concerning Pristina airport. The report handed over to the Special Representative of the Secretary-General highlighted several criminal referrals and numerous reports on administrative violations. The Investigations Task Force is currently undertaking investigations into the energy sector, principally involving the Kosovo energy company, *Korporata Energjetike e Kosovës* (KEK).

Abuse of authority

20. OIOS investigated and reported on a serious case of discrimination and abuse of authority by a manager in a peacekeeping mission against a local national staff member. This case highlighted problems facing local employees in peacekeeping missions, including being forced to pay "kickbacks" for securing employment and, in many cases, a lack of rights vis-à-vis their employment owing to the casual nature of their working engagement.

Reimbursements to troop-contributing countries

21. OIOS audited the reimbursements to troop-contributing countries at three missions. OIOS recommended that MONUC adjust over-reported troop strength in its records, which resulted in estimated savings of some $1.9 million, and reconcile troop strength figures. MONUC has since put an appropriate mechanism to ensure the accuracy of troop strength reporting.

22. At the United Nations Mission in Ethiopia and Eritrea (UNMEE), the audit showed that reporting of troop strength was generally satisfactory. However, the Office recommended that the Mission implement controls to ensure the actual presence of officers and troops on duty and the proper maintenance of leave records. At UNMISET, although systems were generally in place to report on daily troop strength, an effective system for checking the accuracy and correctness of these reports was required. UNMISET has since improved the accuracy and correctness of troop-strength reporting.

Rations contracts

23. An audit of the administration of food rations contracts at five missions showed that UNMEE and UNMISET had significantly improved their overall management of rations contracts. As a result of the audit, MONUC now takes advantage of early payment discounts and has developed a database to facilitate contractor assessments. In response to OIOS recommendations, UNMIL has strengthened its evaluation of contractor performance and food quality controls and

has committed itself to carrying out more detailed inspections of contractors' warehouses and contingents' storerooms.

Air operations

24. An audit of UNAMSIL air operations resulted in the reduction to 12 from 23 aircraft in its fleet on the basis of an examination of the use of available flight hours. The Office recommended that airfield security and training for all aviation personnel be improved. The audit also found that the annual helicopter hours allowed under a new contract for air operations exceeded the Mission's requirements. In addition, the Office informed the Department of Peacekeeping Operations of its concern over the delay in the investigation of the helicopter crash of 29 June 2004.

Fuel management

25. Fuel theft at peacekeeping missions was thoroughly investigated during the past 12 months. Several investigations of criminal activity have identified thefts of large amounts of fuel by staff in collusion with local nationals. Recently, the involvement of troop contingents in fuel theft has been identified along with breakdowns in the application of systems of control. As a result of the investigations into this problem, the Department of Peacekeeping Operations has now sought the support of OIOS in addressing the issue.

26. An audit of fuel management at UNMIL confirmed the results of the Mission's own investigation, which resulted in the dismissal of national staff involved in pilfering fuel. A fuel procedures manual has been promulgated and a petroleum products contract renegotiated, resulting in a reduction of service fees by a total of $194,000 per annum. The Mission has also developed a comprehensive fuel plan that has strengthened controls over access to fuel supplies.

B. Safety and security

27. The second anniversary of the bombing of the United Nations office in Baghdad on 19 August 2003, which resulted in the loss of 22 lives, was a reminder that the safety and security of United Nations personnel must remain a high priority for the Organization in the light of ongoing attacks against civilians in cities and towns around the world. In order to provide a clearer picture of the status of security at the United Nations, internal audits have examined numerous functions, including: the management of security services; infrastructure and procedures; security, safety and health programmes and plans; and emergency preparedness. The audits show that security management requires fundamental change and a re-thinking of security activities and operations. OIOS will work closely with the new Department of Safety and Security in identifying and mitigating risks in this area and intends to continue to recommend improvements and monitor progress.

Field security management

28. During June and July 2004, the Office conducted simultaneous audits of security procedures at 15 peacekeeping and 5 political and peacebuilding missions. The objective of the audits was to assess the effectiveness of field security management in order to identify improvements that could enhance the security of

United Nations staff serving in the field. While basic security arrangements existed or were being enhanced in the majority of missions, OIOS found that there was considerable room for improvement in the following areas: (a) security structures at Headquarters and the field; (b) security plans and policies and their implementation; (c) deployment and administration of personnel; (d) budgeting and resourcing; (e) coordination with host Governments and external military forces and among United Nations agencies; and (f) physical security. The Department of Peacekeeping Operations, the Office of the United Nations Security Coordinator (UNSECOORD) and the United Nations Development Programme (UNDP) assisted in the design and execution of the audit. The consolidated report was submitted to the General Assembly.[7]

29. OIOS also reviewed security and safety management at the Economic Commission for Africa, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, concluding that the arrangements there were generally satisfactory. Some deficiencies were, however, observed. A security strategy for the Economic Commission for Africa has not yet been developed to ensure that it remains responsive to emerging security threats, nor have guidelines for the handling of suspicious mail been completed. Both the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia still need to develop plans for enhancing the professional standard of the investigation function, including independence, competence and written procedures. The continuing OIOS review of compliance with the UNHCR security policy showed that additional work was required by many field offices to ensure full compliance with the Minimum Operating Security Standards.

Utilization and management of funds for security and safety

30. The Office is reviewing the utilization and management of funds approved by the General Assembly in its resolutions 58/295 and 59/276 on strengthening the security and safety of United Nations premises. The report shows that projects are not progressing as expected because the capacity of the United Nations Office at Geneva to meet the demands of implementing and managing such projects has not been sufficiently increased. This report is being submitted to the sixtieth session of the Assembly in follow-up to the earlier report on the subject.[8] The present review highlights the fact that of the total amount approved by the Assembly for security strengthening projects at Headquarters ($41.3 million), $34.4 million had been obligated as at 31 May 2005. The majority of projects are expected to be completed as targeted by the end of 2005. At the United Nations Office at Geneva, of the total amount approved by the General Assembly for one-time security upgrades ($35.1 million), $16.2 million had been spent or pre-encumbered as at 30 April 2005.

C. Human resources management

31. Having a diverse, qualified staff body of the highest integrity and professionalism to carry out the work of the Organization is a key goal. The effective management of the United Nations human resources has received renewed attention in the context of the management reform initiatives being discussed by the General Assembly during its High-level Plenary Meeting. To assist the Organization in identifying areas for improvement, the Office conducted several reviews and studies, including of staff entitlements, overtime, the appeals process and the impact

of human resources management reform. The reports were submitted to managers at a variety of departments and offices, as discussed below.

Staff entitlements

32. OIOS audited the administration of staff entitlements, including the education grant and rental subsidy, at the United Nations Offices at Geneva, Nairobi and Vienna and at UNCTAD, all of which were in general compliance with the Staff Regulations and Rules, policies and procedures of the United Nations. OIOS is pleased to note that internal controls are being further strengthened to ensure consistency and effectiveness in the application of entitlements.

33. The review found that the current United Nations policy on education grant entitlement does not adequately reflect recent educational trends and technological developments. OIOS therefore suggests that both distance learning and e-learning, alternative approaches offered by many universities, become eligible for reimbursement. The use of such methods is particularly cost-effective at duty stations where the choice of educational institutions is limited. In addition, the rules concerning eligibility for 100 per cent reimbursement of special education should be reviewed in order to clarify the definition of "disabled child" and/or "disability" and to ensure that United Nations staff is treated equally.

Overtime at the United Nations Office at Geneva

34. OIOS is concerned about the significant increase in overtime and related costs in some areas as well as the significant differences between the conditions applied at different duty stations. The rules governing the conditions for compensation for overtime and night differential at Geneva have remained unchanged for almost 40 years. OIOS therefore recommended a comprehensive review of these conditions.

Appeals process

35. OIOS recommended deadlines and time lines for the steps in the appeals process and accompanying measures to remove bottlenecks and improve productivity.[9] There was also a need to minimize the potential for conflict of interest in the process and to improve training for members of the Joint Appeals Board and the Panel of Counsel. The Office also recommended that a tracking database be developed to allow staff access to information on the status of their appeals through secure electronic means.

Human resources management reform

36. The Office of Human Resources Management has recently made improvements in response to OIOS recommendations relating to the impact of human resources management reform.[10] The United Nations jobs website is now accessible to Internet users through search engines and links to websites of the United Nations system are on the website of the Office of Human Resources Management. Galaxy now includes: generic job descriptions for most occupational groups to facilitate mobility; vacancy announcements for appointments under the 200 and 300 series of the Staff Rules; and pertinent information for selection decisions. The Office of Human Resources Management has also created a more flexible managed reassignment programme for staff at the P-2 level and has

implemented a pilot mentoring programme for all levels and staff in the Department for General Assembly and Conference Management.

D. Administration and finance

37. The area involves great financial exposure and is thus a traditional subject of audit. If the administration and management of human and financial resources is flawed, the potential loss to the Organization is extraordinarily high. The main risks in this category include inadequate controls, administrative duplication, complex and wasteful bureaucratic procedures, abuse of entitlements and mismanagement of resources.

Economic and Social Commission for Asia and the Pacific

38. Although internal controls at the Economic and Social Commission for Asia and the Pacific were found to be in place and working efficiently, the Office noted a number of persistent weaknesses in programme implementation and resource utilization, including extrabudgetary funds. The disproportionately high number of support staff, especially in the substantive units of the Commission, needed to be re-assessed. The Procurement and Travel Section and other units should be encouraged to prepare procurement plans and the use of blanket contracts expanded. Procurement decisions, especially where exceptions to procurement instructions are made, should be better documented. The Commission has taken steps to correct the weaknesses identified.

Project services at the Office of the United Nations High Commissioner for Human Rights

39. At the time of the audit, the United Nations Office for Project Services (UNOPS) was managing six field offices for OHCHR under a memorandum of understanding. The Office found that UNOPS still retained a fund balance of between $0.8 million and $1.4 million to pay for past expenditures of global projects previously managed. In response to the audit, UNOPS submitted a final certified statement on the projects completed, and on the basis of this, OHCHR has requested UNOPS to remit the unspent balance of some $1.1 million for completed projects.

United Nations Office on Drug and Crime

40. Three country operations, in Afghanistan, Nigeria and Bolivia, were audited and found generally to be operating well, with improvements on planning and project management suggested for the operations in Afghanistan and Bolivia.

Tsunami relief assessment

41. Following the tsunami disaster and the subsequent fund-raising of nearly $1 billion for relief efforts, OIOS auditors visited the operations being run by the Office for the Coordination of Humanitarian Affairs in Indonesia and other affected areas to assess the risks associated with managing the significant contributions made by the world community for tsunami relief. The report has been submitted to the Under-Secretary-General for Humanitarian Affairs. OIOS recommended improved coordination and administration relating to finance, human resources, property,

security and information management. In addition, a joint risk assessment of the UNHCR tsunami relief project in Sri Lanka was conducted by OIOS and the UNHCR Inspector General's Office to identify any events/actions that might prevent UNHCR from achieving its project objectives. Overall, OIOS auditors were instrumental in coordinating the audits of the tsunami relief efforts carried out by the United Nations funds and programmes, the specialized agencies and OIOS itself.

42. In April 2005, OIOS investigators issued a report to the Office of the Secretary-General describing the risks and opportunities for corruption and waste associated with weak coordination, rushed procurement and recruitment decisions and the magnitude of the funding. OIOS recommended enhanced security and coordination as well as the establishment of a regional investigative office to service all agencies involved. The report was the result of an investigative assessment mission to the affected area in February 2005, which identified multiple risk factors as well as specific problems. Before the mission, OIOS investigators had obtained the collaboration of the investigative offices of UNDP, the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and UNHCR. Investigators also collaborated with the investigative office of the World Bank, the Anti-Fraud Office of the European Commission and the Asian Development Bank.

Office for the Coordination of Humanitarian Affairs: Geneva and country offices

43. Management structures and procedures at the Geneva office of the Office for the Coordination of Humanitarian Affairs and its country office in the Sudan need to be strengthened to facilitate its work, according to two audits. In general, the Geneva office successfully carries out the critical mandate of coordinating humanitarian assistance to victims of natural disasters and complex emergencies. However, its monitoring of funds authorized to its field offices and grants made to non-governmental organizations was identified as an area in need of improvement and its staffing arrangements need to be reviewed comprehensively. The country offices were also in need of a clearer mandate and organizational structure.

E. Procurement

44. Representing one of the most significant risks to the Organization in terms of the potential for inefficiency, uneconomical contracting, fraud, corruption and abuse, the Secretariat's procurement activities remain a core subject of oversight activities both at Headquarters and in the field. Since 2000, the Office has issued 154 audit reports with a total of 691 recommendations relating to procurement (see annex II). Audits during the reporting period examined procurement by peacekeeping missions and the risks associated with major construction and facilities management under the capital master plan.

45. Investigations in the area of procurement continued to deal with allegations of corrupt behaviour by United Nations staff. OIOS issued recommendations relating to: accountability for theft of United Nations property; collusion between United Nations staff and vendors, especially relating to the favouritism shown to certain vendors; misuse of United Nations equipment; and waste. OIOS has initiated a review of all investigation recommendations issued to management.

Procurement vendor roster

46. In response to OIOS recommendations, the Procurement Service of the Office of Central Support Services has reviewed all provisionally approved vendors and developed an automatic daily report to monitor vendors with provisionally approved status in order to ensure that no contract is awarded to vendors that are not fully registered. Furthermore, information on the registration status of vendors recommended for contract awards is now supplied to the Headquarters Committee on Contracts to verify that established vendor registration procedures have been followed. The Procurement Service has also provided guidance to its staff, clarifying procedures for vendor name changes and centralizing vendor financial information and established criteria for special approval of vendors. It is also developing a common procurement management system, which will improve vendor data integrity. Implementation of criteria for removal or disbarment of vendors remains an unachieved goal. OIOS will continue to pursue this issue and report in due time.

Committees on Contracts

47. OIOS audited the functioning of the Committees on Contracts at UNHCR and the United Nations Offices at Geneva, Nairobi and Vienna. The Committees were generally working effectively with cases reviewed and approved in a diligent manner. In response to the audit, UNHCR revised the rules, procedures and composition of the Committee to better meet operational requirements and to enhance efficiency and effectiveness. Following the recommendation of OIOS, the United Nations Offices at Geneva, Nairobi and Vienna have sought a renewal of their delegated authority in procurement, as required under the 2003 United Nations Financial Regulations and Rules. They have also revised their procedures and improved the quality and timeliness of their submissions to the Committees.

Procurement activities in peacekeeping missions

48. An audit of engineering and airfield procurement at MONUC showed that late delivery penalties were not enforced and that some $300,000 had not been deducted before suppliers were paid. OIOS recommended, inter alia, enforcement of the penalty clause relating to late delivery of goods and services to address the issue. The audit of inland freight at MONUC disclosed a recurring under-utilization of vessels in carrying freight via natural waterways in the Democratic Republic of the Congo, with less than 6 per cent of the total capacity of vessels hired from 2002 through 2004 utilized. In addition, delays in freight clearance resulted in demurrage charges and freight planning was inadequate. The steps recommended by OIOS to address the inefficiencies could result in estimated annual savings of some $3 million. MONUC is developing guidelines for imposing liquidated damages for delayed deliveries and is addressing the under-utilization of the vessels; three of the four cargo pushing vessels were released in November 2004.

49. As a result of an audit of the procurement process to detect any indications of fraud, UNMEE recovered payments and identified other payment discrepancies incurred under an agreement with a Government to establish a hospital at the Mission at a monthly reimbursement cost of $105,360. The Mission had also signed a contract with a private hospital for provision of other necessary services. The audit

found that the Mission was being billed by the private hospital for diagnostic tests and x-rays that its own hospital was to provide.

Air safety considerations in procuring air services

50. The vendor pre-qualification process, a crucial step in determining whether vendors will satisfy United Nations air safety requirements, needed to be improved according to an OIOS audit.[11] The Department of Peacekeeping Operations assured OIOS that its aviation quality assurance programme would place greater emphasis on assessing the categorization of air operators for passenger aircraft during the pre-qualification process, in order to ensure passenger safety. The Department also agreed to establish, in conjunction with the Procurement Service, reasonable milestones for the air services procurement process to allow sufficient time for vendor pre-qualification. It will also conduct regular visits to prospective air carriers to determine their suitability and will update its roster of pre-qualified vendors and harmonize it with the Procurement Service roster of commercial air operators. The Department of Peacekeeping Operations also agreed to strengthen the technical evaluation of bids and contract management and to establish criteria for evaluating vendor safety records.

Capital master plan

51. In its third status report on the capital master plan, OIOS concluded that the resources appropriated by the General Assembly for capital master plan activities were generally utilized in accordance with the financial rules of the United Nations.[12] The report reviewed, among other things, the management and deliverables of the contracts awarded since the inception of the capital master plan. OIOS urged that the proposal to establish an advisory board be re-examined and the swing space issue be resolved as soon as possible in order to provide the Office of the Capital Master Plan Project with a clear and definite direction to proceed with the refurbishment/construction planning.

F. Information and communications technology

52. The use of information and communications technology according to actual needs and in alignment with the administrative processes of the Organization continues to be a critical part of the reform process. Audit strategies are being developed to mitigate the most significant risks to the use of such technology, which continue to be: unauthorized access to sensitive materials, including external and internal hacking into personal computers; physical damage to computer equipment; inadequate project planning; and shortcomings in systems auditability. OIOS has requested additional resources to obtain audit expertise in this field and will continue to monitor this critical area.

Management of information and communications technology

53. When implemented, audit recommendations will significantly enhance the management capability of the Office of Human Resources Management with regard to: its information and communications technology policy and strategy; establishment of criteria for selecting application systems; technical support to users; and plans for business continuity in case of a major disaster affecting

computer systems. As a result of the audit, the Office of Human Resources Management has established a mechanism to ensure adherence to its ICT strategy and its alignment with the mandates and policies of the Organization, as well as with the Secretariat's global ICT strategy. The Office is also updating its automated system for human resources management.

54. OIOS also reviewed ICT management at the Economic Commission for Africa, the International Tribunal for the Former Yugoslavia, UNEP and the United Nations Office on Drugs and Crime, concluding that arrangements should be strengthened in order to maximize the investment and ensure quantifiable returns. OIOS recommended that, in order to ensure more effective governance structures covering all aspects of ICT, committees should be established to oversee major decisions and monitor related matters in this field. While some entities had made progress (for example, the Economic Commission for Africa had established an ITC committee), most offices needed to formalize operations, formulate ICT strategies and bring these in line with the global ITC strategy of the Secretariat.

Galaxy

55. According to audit findings, the governance framework for e-staffing on Galaxy needed to be strengthened and the relocation of its systems development, maintenance and support functions from the Department of Peacekeeping Operations to ITSD needed to be completed. In response, the Office of Human Resources Management, in close coordination with the Department of Peacekeeping Operations and ITSD, has started preparing a strategy for Galaxy, covering the next two bienniums, during which time they will further refine it in the context of the migration mentioned above. The Office of Human Resources Management will also ensure that documentation identifying the key responsibilities of the various participants through December 2006 is finalized. A user focus group has also been established.

G. Programme management

56. The impact of United Nations programmes depends on the ability of programme managers and intergovernmental bodies to assess performance and identify, plan and execute activities to achieve results. In a report to the General Assembly,[13] OIOS and the Joint Inspection Unit concluded that if the Organization is to meet the challenges most recently articulated by the Member States and the Secretary-General,[14] strong monitoring and evaluation practices should be fully embraced and implemented by the Secretariat and the intergovernmental bodies. Based on the findings of a Secretariat-wide working group, the report contains proposals for specific actions that need to be taken in order to strengthen monitoring and evaluation.[15]

Results-based management

57. OIOS analysed evaluation plans by department and office using a uniform format to outline plans for internal and external evaluation. Support is being provided as needed through advisory notes and continuous guidance to clients. By March 2005, 16 programmes had allocated 1 per cent of their regular budget for self-evaluation during the 2006-2007 biennium, for which over 200 topics were

identified. OIOS also established a programme performance reporting portal on its iSeek website containing a comprehensive repository of reference materials on programme monitoring, evaluation and reporting, which was frequently consulted by United Nations staff members. Some 310 staff received certificates for successfully completing the OIOS website tutorial on results-based programme performance assessment. Training adapted to the requirements of specific programmes was provided to more than 365 senior managers and staff and to 50 delegates at four duty stations.

Victims of torture

58. As a result of the evaluation of the United Nations Voluntary Fund for Victims of Torture,[16] OHCHR took steps to improve administration of the Fund, including strengthening requirements for admissibility, bolstering management systems and enhancing systematic monitoring and evaluation of grantees. Furthermore, at its sixty-first session in March 2005, the Commission on Human Rights, in its resolution 2005/39, called on the Fund to continue implementing the recommendations, including on the reform of its working methods. The secretariat of the Fund has asked grantee organizations to submit audited financial statements reflecting the use of grants in response to internal audit findings issued in conjunction with the evaluation. OIOS is assisting the secretariat of the Fund to develop a standardized format for audited financial statements.

Poverty eradication

59. OIOS presented its first thematic report on the "Evaluation of Linkages between Headquarters and field activities: a review of best practices for poverty eradication in the framework of the United Nations Millennium Declaration",[17] to the Committee for Programme and Coordination at its forty-fifth session. The evaluation concluded, inter alia, that the highly complex system of linkages that connects and coordinates the poverty eradication activities of Headquarters, regional and field offices was not conducive to the consistent and systematic transmission of knowledge, guidance and experience. It recommended an enhanced strategic approach to system-wide knowledge management networks, as well as more collaboration between country teams and actors within the United Nations system. The Committee for Programme and Coordination endorsed the recommendations and recommended to the General Assembly that OIOS continue to conduct thematic evaluations.

United Nations military observers

60. OIOS identified best practices for making Headquarters and field linkages more effective in backstopping the operations of United Nations military observers.[18] The recommendations of the Office related to the effectiveness, employment and management of the military observers in especially complex peacekeeping environments. The Department of Peacekeeping Operations welcomed the review, saying it provided analysis that would give a new dimension to its ongoing review of United Nations policy with regard to military observers.

Consultancy services

61. OIOS consultancy services to the Department for General Assembly and Conference Management led to the identification of ways to achieve better integration of global management of conference services. As a result, a set of recommendations relating to statistical indicators, budget and finance and contractual services were adopted by the Department for implementation.

62. OIOS consultancy services to the secretariat of the United Nations Framework Convention on Climate Change were aimed at facilitating the framing of its 2004 self-evaluation results. The self-evaluation itself was designed as a tool to assist management in identifying needed improvements and as a first step towards establishing a results-based environment. OIOS also provided consulting for the development of a staff rotation policy for the Office for the Coordination of Humanitarian Affairs and outlined a communications strategy to support its implementation, which will create a flexible approach that balances operational requirements with the career development aspirations of staff.

H. Office of the United Nations High Commissioner for Refugees

63. OIOS audited the operations and activities of UNHCR in 26 countries and at its headquarters in Geneva covering $362 million (or 34 per cent of the total of the UNHCR expenditure of $1,063 million in 2004). At the end of June, 31 per cent of the critical recommendations issued during the period had been implemented, while 19 per cent had been initiated and were in progress. Most audit recommendations were aimed at improving programme and project management, financial management and information and communications technology systems. As a result of these audits, savings and recoveries totalling $3.4 million were recommended. Actual savings and recoveries during the current and prior reporting period totalled $2.1 million. The process of recovery is ongoing and may extend over several years.

64. OIOS continues to apply a measurement system to rate the effectiveness of the application of key internal controls in audited operations of UNHCR. This facilitates benchmarking between country operations, provides management with assurance that activities are well or adequately administered and assists in identifying operations that require prompt corrective action. Some 52 per cent of the audited operations were rated as average, 29 per cent were above average or very good and 19 per cent were below average or deficient. Since 2005, in response to recommendations by the Board of Auditors, all audits rated at "below average" or "deficient" are brought to the attention of the UNHCR Oversight Committee, where the main control failures and emerging risks are examined.

Emerging issues

65. The management of assets continues to be an area of risk, with internal controls assessed as weak or ineffective in more than 50 per cent of the operations audited. Asset records cannot be entirely relied upon: periodical physical verifications were not conducted; asset values were incorrectly recorded (inflated by millions of dollars); and assets of considerable value could not be traced nor their existence confirmed.

66. For 80 per cent of audited implementing partners, assurance could be provided that UNHCR funds were properly accounted for and disbursed in accordance with the sub-project agreements. The remaining 20 per cent will continue to be a risk area unless project monitoring is improved and further guidance and support is provided to partners.

Emergency and complex field operations

67. Systemic issues and trends in staffing and procurement activities emerged from the audited activities of high-risk operations where UNHCR visibility is high. For example, suitably qualified and experienced staff members are not always in the right place at the right time, highlighting the risk that UNHCR operations may not be fully effective from the outset. In one operation, deployments should have been completed by the end of March 2004, but in July 2004 some of the key personnel were just arriving. In another, over 20 posts were vacant. Junior and inexperienced staff was delegated significant responsibilities, often without sufficient support and guidance. The procurement systems established by some UNHCR field offices and partners were deficient, resulting in inefficiencies and the purchasing of inferior quality goods at higher prices.

Function of desk officers

68. The function of the desk officers is key to the organizational structure of UNHCR, providing liaison between field operations and headquarters. It is involved in most UNHCR internal processes. OIOS concluded that standards and criteria needed to be developed to enhance desk efficiency and effectiveness and to ensure that they are in place in the event of emergency and special operations. Desk officers are required to multitask but OIOS found that training was not available to enable staff to be effective from the outset. The roles and responsibilities of the desk officers also needed to be focused more on essential functions such as strategy, analysis and evaluation.

Management systems renewal project

69. Although the objectives of the Management Systems Renewal Project were established early on, the related quantifiable goals were not fully developed. Project management and internal controls needed to be strengthened; the Governance Board did not ensure effective reporting on performance; certain reports essential for managing UNHCR activities had not been fully developed as part of the project; and the change management function was not entirely effective. OIOS is pleased to note that the present management team is making a positive effort to address the concerns raised.

I. United Nations Joint Staff Pension Fund

70. Under the newly established internal audit charter of the United Nations Joint Staff Pension Fund,[19] OIOS has a contractual relationship to provide internal audit services for the global operations of the Fund, which in 2004 served more than 88,000 participants from 21 member organizations. OIOS conducted audits of the Emergency Fund, the Fund's administration system, PENSYS, and information management system, as well as benefits processing and certificates of entitlement.

The Pension Fund accepted the OIOS recommendations and has made satisfactory progress in implementing them.

71. As part of its risk-based approach to planning its audit coverage of the Pension Fund, OIOS has contracted a major international accounting firm to conduct an enterprise-wide risk assessment to identify and categorize risks in order to focus internal audit activities for 2006 and 2007. Management of the Fund also requested an overall risk assessment of the Fund's operations. OIOS will work with the firm in creating such a risk profile, including the identification and assessment of strategic, operational and technological risks and the Fund's risk management framework and strategies to mitigate risks.

72. Management has continued to enhance the Fund's internal oversight and governance, and OIOS has cooperated with the Fund secretariat and the Board of Auditors in developing terms of reference for a Pension Fund audit committee, which will be presented to the Pension Board for approval at its 2006 meeting. OIOS is also working closely with the secretariat in developing the terms of reference for an audit of the governance mechanisms.

J. United Nations Compensation Commission

73. During the reporting period, there was continued discussion between the United Nations Compensation Commission (UNCC) and OIOS on the proper scope of the audit of the Commission. The issue was whether OIOS had the authority and expertise to make findings and recommendations on the determinations made by the Commission's expert Panels of Commissioners concerning the applicable law, the application of that law to claims, the sufficiency of evidence and the organization of their work. The following documents are relevant to this discussion:

(a) The opinion of the Office of Legal Affairs of the Secretariat, which stated that "OIOS functions do not extend to the examination, review and appraisal of decisions that are the results of a legal process. Likewise, they clearly do not include the examination, review and appraisal of decision-making that takes place in the course and as an integral part of such a process" (27 November 2002);

(b) The memorandum of understanding between OIOS and UNCC, in which OIOS took the legal opinion of the Office of Legal Affairs into consideration in its audit of claims processing; General Assembly resolution 59/270, in which the Assembly requested the Secretary-General to ensure that the Office continues to provide internal oversight of the entire claims process of the Commission and to report regularly thereon in the context of the annual reports of the Office; and General Assembly resolution 59/271.

74. Two main factors informed this debate. The first is the unique nature of UNCC, which is an entity with virtually no precedents in the United Nations system. The second is the difference between legal and auditing standpoints and perceptions. In this uncharted territory, with no established guiding principles, it was perhaps inevitable that differences of professional opinion would arise. OIOS and UNCC are currently taking active steps to resolve the issue of the proper scope of the audit of a legal process. A key issue remains the fact that OIOS has had to rely on its auditee for the funding of the audit.

75. This debate lay at the root of a number of actions by both UNCC and OIOS. Among these was the provision of resources for the audit of the Commission. Without independent funding, OIOS had to rely on the auditee, the Commission itself, to provide its audit resources. UNCC has stated that the audit approved by its Governing Council reflected what it believed was required for OIOS to conduct its audits in accordance with the memorandum of understanding entered into between the Commission and OIOS, which expressly provided that, with particular reference to its audit of claims processing, OIOS would take into consideration the legal opinion of the Office of Legal Affairs, which forms an annex to the memorandum of understanding (UNCC memo of 18 August 2005). That is, UNCC believed that if OIOS were not to audit those aspects of the work of Panels of Commissioners that the Office of Legal Affairs had opined were not amenable to audit, it would not need additional resources.

76. Within this framework, the history of the post resources for OIOS was as follows. At the request of OIOS, the Commission's Governing Council approved funding for one auditor in 1997. In October 2001, OIOS requested a second post. The UNCC secretariat endorsed and transmitted this request to the Controller, who made the post available as of January 2002 on the assumption that the Governing Council would approve it. The Governing Council, however, did not approve the filling of the post by a second OIOS auditor until 1 January 2005. After delays caused by the late and unexpected withdrawal of the first choice candidate, the post was filled in June 2005. Even after the approval of funding in 1997, OIOS had disagreed with the Governing Council's assessment of the number of posts required for OIOS, maintaining that they were not sufficient, given that the full scope of the audit covered claims asserting over $50 billion in losses.

D-1 claims, nineteenth instalment, part three

77. The Board of Auditors concluded that procedures were in place to avoid overpayments and duplicate payments. It stated that there is nevertheless a risk of fraud in cases where the original claim is not adequately documented and where documents are provided by the claimants, subsequent to article 34 notification by UNCC. In response to an OIOS recommendation, the Commission has written to the claimant Government in respect of one suspected fraudulent claim requesting that it take appropriate action. OIOS recommended that UNCC levy penalties or take other appropriate action in cases where it found or suspected fraudulent claims. UNCC responded that it had no legal power to levy penalties, because no such provision had been made in its constituting documents and that it was therefore beyond its mandate to take such action.

E-1 claims, tenth instalment

78. OIOS advanced the view that, when paying claimants in United States dollars, UNCC had contravened United Nations financial rule 106.5, which provides that United States dollar payments [to commercial vendors] should be made at the exchange rate prevailing at the time of payment. The Commission responded that financial rule 106.5 was intended to apply to commercial rather than successful compensation claimants and that "according to the unanimous view of the 17 Panels of Commissioners (51 Commissioners) who considered the issue, claimants should be restored to their pre-loss position and that therefore the date of loss was the

relevant date. This is consistent with the general practice for determination of loss applied in international law and by other compensation commissions and tribunals".

79. The services of an independent specialist, Professor James Crawford, Chair, Faculty Board of Law, Cambridge University, United Kingdom of Great Britain and Northern Ireland, was sought by a third party to provide an expert opinion, which is currently being evaluated by OIOS. The independent specialist stated the following:

> "The practice of the UNCC has been to express the amounts it finds to be due in United States dollars, even if the losses were initially incurred or measured in some other currency, and to pay these amounts (once approved by the Governing Council) also in United States dollars. In calculating the amounts due it has (in most cases) applied the exchange rate prevailing at the date of the loss rather than some later date (e.g. the date of claim or the date of payment). ... it is my clear opinion that this practice:
>
> (a) is consistent with the UNCC's mandate;
>
> (b) was known to and approved by the Governing Council, and was thus transparent; and
>
> (c) is consistent with the general practice for determination of loss applied by other compensation commissions and tribunals".

F-4 claims, fifth instalment

80. OIOS stated that UNCC had directly approached an existing consultant (reviewing F-4 claims) for an extension of services and had amended, without competitive bidding, an existing contract. UNCC responded that the Committee on Contracts of the United Nations Office at Geneva had approved the contract variation, after application by the Commission, and that by using the same consultant by means of an amendment to an existing contract it had saved over $1.2 million, and that, given time pressures, this had been the only realistic solution. OIOS reiterated, without implying that actual abuse had been involved, the general principle that competitive bidding is essential to avoid abuse by firms entering into contracts with the fraudulent intention of subsequently increasing the contract amount and that this principle should be superseded only in very exceptional cases. While agreeing with the general principle, UNCC stated that it believed that this was such an exceptional case.

81. OIOS recommended that the Governing Council recover unspent monitoring and assessment award funds and continue tracking continuing monitoring and assessment projects. UNCC responded that the Governing Council was already carrying out those tasks.

Advisory services

82. OIOS provided advisory services during the UNCC information-gathering mission to Kuwait. As a result of concerns expressed by the Panel of Commissioners about risks of overstatement in a particular claims population, the Commission requested that OIOS provide a forensic accountant to accompany the mission team. The OIOS forensic accountant concurred that there was a high risk of overstatement in the claims population.

Audit of compensation award payments

83. OIOS found that existing procedures had generally been adhered to, but took the view that procedures did not meet the objectives of financial regulation 5.8 (b), which requires that payments be supported by appropriate documentation. UNCC denied any non-compliance with the regulation. OIOS also took the view that UNCC placed too much reliance on Governments and international organizations to distribute award payments without adequate monitoring and oversight. The Commission disagreed, noting that the majority of award payments had been successfully distributed to claimants and describing the steps being taken to address those infrequent instances of problems with Governments.

III. Strategic initiatives and challenges

84. The future strategic direction of OIOS largely depends on the outcome of the proposed review of the oversight functions, which should be undertaken in a timely fashion. The main goal of such a review is to enable the Organization to utilize the resources it has allocated to internal oversight in the most effective and efficient way. As mentioned, the review should be independent and comprehensive, examining the interplay between OIOS, the Joint Inspection Unit and the Board of Auditors, in order to provide value to the Member States and the Secretary-General.

85. It should be noted that since its establishment, OIOS has continuously sought to improve the quality of its services and has formulated initiatives to do so. For example, Internal Audit Divisions I and II have initiated assessments of their operations, as mentioned below, which will be completed in the coming months. The Monitoring, Evaluation and Consulting Division conducted a self-assessment in 2004, the Investigations Division completed a peer review in 2005, and the Office has updated its manuals for investigation, inspection and evaluation, which are available on the OIOS website.[20] The updated internal audit manual is well under way.

86. The Office recognizes that it must operate in a fair and transparent manner if it is to earn the confidence of United Nations management and staff. The collaboration between OIOS, the legislative bodies and its clients is steadily increasing, exemplified by recent initiatives, such as thematic programme evaluations, horizontal collaborative audits, management consulting assignments and joint investigations. The Office will continue to pursue such collaborative activities. The initiatives and activities summarized below are being planned and carried out by the Divisions of the Office in order to enhance internal oversight operations in their respective functional areas.

A. Internal Audit Divisions

87. The Internal Audit Division I (IAD I), based in New York, consists of the Peacekeeping Audit Service, with resident auditors in 12 peacekeeping and political missions worldwide, the UNCC Internal Audit Division in Geneva, the Headquarters Section, the Field Section and the United Nations Joint Staff Pension Fund Audit Unit. The Internal Audit Division II (IAD II), based in Geneva, comprises the UNHCR Audit Service, the Special Assignments Section, the Geneva

Audit Section and the Nairobi Audit Section with resident auditors assigned to the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda and the Economic Commission for Africa.

88. **Peacekeeping**: United Nations peacekeeping activities continued to be a significant risk area covered by internal audit (see paras. 14-26). To effectively handle the recent increase in the number of peacekeeping missions, OIOS has established a separate unit in the Peacekeeping Audit Service to coordinate and monitor resident auditor-related activities. A restricted website with reference guides, resources and other tools has been created to ensure maximum productivity. The Internal Audit Division I has also implemented a uniform risk assessment planning methodology and undertaken a series of horizontal audits in areas such as field security management and a global review of the state of discipline in peacekeeping missions, which were conducted at some 20 field missions.

89. **Humanitarian affairs**: the humanitarian affairs programme has become a major priority area based on a recent risk assessment conducted by OIOS in response to donor concerns about transparency and integrity with regard to the use of funds in its two large humanitarian projects, namely Darfur and the tsunami relief operations. In light of the risks involved, OIOS has begun a systematic series of audits of the Office for the Coordination of Humanitarian Affairs in order to review the efficiency and effectiveness of the tsunami relief coordination process at both headquarters and in the field. In addition, OIOS and the UNHCR Inspector General's Office have conducted a joint risk assessment of the UNHCR tsunami relief project in Sri Lanka. Based on the results, UNHCR has revised and refocused its project strategy. OIOS will conduct risk assessments of UNHCR's tsunami relief activities in Indonesia and Somalia in the second half of 2005.

90. **Information and communication technology**: as mentioned above (see para. 52), the lack of highly skilled auditors in the ICT field remains a significant issue. OIOS is in the process of developing audit strategies for its client portfolios in this area. The strategy will take into consideration the differing nature and type of ICT audits and the competencies required to carry them out. This includes a proposal for enhancing the internal ICT risk management and auditing capacity, identification of resources and funding levels required to achieve strategic objectives, as well as a model ICT audit plan for the next three to five years.

91. **Operational challenges**: OIOS is in the process of implementing the electronic working papers system to automate and enhance the audit process. In addition, the Internal Audit Divisions (I and II) are improving communications policies, audit and administrative procedures, human and financial resources management and training. Staff skills will be upgraded substantially through advanced training in forensic auditing, ICT and communications. Both the New York and Geneva-based Audit Divisions plan to undertake internal quality assessments in preparation for external reviews by professional audit institutes, which will validate the results of the assessment to determine the level of compliance with recommended standards and practices.

92. OIOS aims to establish a series of cross-service specialist groups in several key audit areas, including ICT, procurement, human resources management and finance, which will provide expertise during planning and execution of audit assignments. A web-based internal audit manual with hyperlinks to latest guidelines, templates and other resources will also be developed. OIOS Auditors provide

orientation briefings to client departments and offices and to Member States on topical issues.

B. Monitoring, Evaluation and Consulting Division

93. The Monitoring, Evaluation and Consulting Division comprises the Evaluation Section, the Monitoring and Inspection Section and the internal Management Consulting Section. The strategic priority of the OIOS evaluators is to provide timely, valid and reliable information in order to meet the needs of intergovernmental bodies and programme managers for objective and credible evaluative evidence and to facilitate strategic decision-making and performance improvement. OIOS will specifically focus on the following: (a) strengthening the rigour, coverage and utility of its evaluations; (b) its role in supporting monitoring and evaluation in the Secretariat; and (c) its role in promoting evaluation policy and practice in the United Nations system through active participation in the United Nations Evaluation Group.

94. OIOS monitoring staff provide support to programmes in enhancing their programme performance reporting in the framework of results-based management. This includes ongoing monitoring of programme delivery and preliminary performance assessments for the biennium 2004-2005 as a basis for the preparation of the strategic framework for 2008-2009. OIOS will provide additional information on results and challenges, obstacles and unmet goals in programme implementation as part of the report of the Secretary-General on programme performance for the biennium 2004-2005, which will be issued in March 2006.

95. OIOS will continue to support efforts to strengthen results-based management in the Secretariat through the development of methodologies, the exchange of good practices, training and the enhancement of the web-based programme performance reporting portal. Activities also aim to enhance the capacity of programme managers, focal points and staff in general in results-based management concepts and their application in the Secretariat. OIOS monitoring responsibilities via IMDIS continue to increase in tandem with growing demands for performance monitoring and reporting, including reporting on accomplishments and challenges, lessons learned and key results.

96. The internal management consulting function has become a credible consulting resource that programme managers may call upon for assistance in improving performance and managing change. OIOS continually assesses how it can be of greater value to the Secretariat-wide reform effort. The report of the Secretary-General on progress and impact assessment of management improvement measures which analysed the reform effort, concluded that a fundamental obstacle to meaningful reform is resistance to change.[21] As the Secretariat's only service specifically dedicated to supporting change, OIOS management consulting is a powerful lever for the Secretary-General's reform efforts. To that end, the Management Consulting Section is designing a number of strategic initiatives that will enable it to more closely align its services with the priorities of the Organization. With this in mind, the Section will further strengthen its support to programmes in their selection of topics for self-evaluation and plans to broaden its strategic approach to self-evaluation through the identification of common themes

that will lay the foundation for a peer network and encourage greater interaction on self-evaluation between programmes.

97. The OIOS Learning Service, operating under the Monitoring, Evaluation and Consulting Division, promotes hands-on knowledge and learning in oversight related subjects for OIOS and other departments and offices. The Service prepared an oversight module for the Department of Peacekeeping Operations as part of its mission services training for senior management personnel in the military, police and civilian elements. It also prepared and distributed a database of training providers used by the Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions. In addition, an e-learning programme for OIOS staff has been implemented.

C. Investigations Division

98. The primary Units (I and II) of the Investigations Division are located at the United Nations Offices at Nairobi and Vienna, with small offices at Headquarters, Arusha, Pristina and Kinshasa. New units are opening in peacekeeping missions in Burundi, Côte d'Ivoire, Haiti, Liberia and the Sudan.

99. OIOS investigators paid significant attention to Secretariat functions, notably procurement. Allegations regarding illegal activities by a procurement officer have been investigated with the assistance of the anti-money-laundering authorities in Antigua. Evidence obtained was referred to the United States Attorney's Office in New York, which obtained additional evidence and brought criminal charges, resulting in a plea. The investigation is continuing.

100. In addition to its investigative responsibilities vis-à-vis the Secretariat, OIOS provides investigative services and guidance on protocols to the funds and programmes. The current arrangement for the reimbursement of services rendered to funds and programmes are, however, fundamentally flawed and constitute a potential conflict of interest and risk to the independence of the Office (see para. 2 (a) above). OIOS investigators also provide informal advice to the specialized agencies. As examples of the activities in this regard, OIOS drafted and issued the Uniform Guidelines for International Investigations in all official languages and serves as a member of the secretariat of the Conference of International Investigators, initiated by OIOS in 1999, and of the Interpol Group of Experts on Corruption. In the wake of the tsunami, as mentioned above, OIOS organized discussions on the likely investigative requirements in connection with tsunami relief.

101. **Assistance to programme managers**: the Investigation Division provides specialized policy advice and other support to the Secretariat in the field of administration of justice, investigation and inquiry. As part of its support, the Division is collaborating with the Department of Peacekeeping Operations and the Office of Human Resources Management in developing new training to enable programme managers to handle lower risk investigations that are not being handled by OIOS. With regard to the identification of the types of matters that should be referred in the first instance to OIOS, the General Assembly, in its resolution 59/287, recognized the case category system employed by OIOS, which has clarified the issue. This system requires that category I cases, identified as serious and significant, be handled by OIOS. Category II cases, identified as less serious or

within normal management functions, should be the responsibility of trained programme managers. Guidelines and training programmes are being developed by OIOS, the Department of Peacekeeping Operations and the Office of Human Resources Management to implement resolution 59/287.

102. OIOS initiated a working group to develop the Organization's first whistleblower protection policy and proposing the establishment of an ethics office. The office is operationalizing the new resident investigator function at peacekeeping missions and has developed protocols for the investigation of sexual exploitation and abuse.

103. **Internal data management and self-assessment**: the Investigation Division is trying to cope with increasing demands for statistics, in particular from the legislative bodies, including the main committees of the General Assembly. A new integrated case management system and techniques for using secure systems and data mining are being developed in coordination with the United Nations Office at Vienna. Performance indicators and tracking of cases allow for measurements of activities and backlogs. OIOS is continuously improving its delivery and productivity in its investigations. As a result, measures were taken to: (a) establish a small knowledge management unit; (b) update the Investigation Manual;[20] (c) undertake a joint European Anti-fraud Office/European Commission peer review of the OIOS investigation functions and activities (the first-ever peer review of an international organization's investigation office); (d) develop a legal editor for quality control of reports; and (e) undertake a self-evaluation of staff accomplishments.

Notes

[1] A/58/6 (Sect. 30).

[2] See A/59/359, paras. 102-129. The General Assembly adopted resolution 59/272 as a result of its review of the mandate of OIOS.

[3] ST/AI/401.

[4] This figure is based solely on loss or waste identified by OIOS Internal Audit Division I. In accordance with the revised guidelines for measuring impact of economies and savings, loss or waste will also be recorded by OIOS Internal Audit Division II for the next reporting period.

[5] See A/57/451, para. 6.

[6] Covering the calendar year, 1 January to 31 December 2005.

[7] A/59/702.

[8] A/59/396.

[9] A/59/408.

[10] A/59/253.

[11] A/59/347.

[12] Audit of the United Nations capital master plan for the period of August 2004-July 2005 to be issued shortly.

[13] A/60/73.

[14] A/59/2005; A/60/L.1.

[15] A/60/73, annex.

[16] E/CN.4/2005/55.

[17] E/AC.51/2005/2.

[18] A/59/764.

[19] The internal audit charter was drafted jointly by the secretariat of the United Nations Joint Staff Pension Fund and OIOS and agreed to by the representative of the Secretary-General for the Fund's investments. It defines the conditions and procedures for the delivery of internal audit services, including the incorporation of commonly accepted industry standards.

[20] The results of the self-evaluation and the peer review and the Investigation Manual (in all official languages) are available at http://www.un.org/Depts/oios/investigation.htm. The inspection and evaluation manuals are available on the OIOS iSeek website, http://iseek.un.org/m210.asp?dept=484.

[21] A/60/70, para. 28 (c).

Annex I

Overview of mandated reporting requirements

The categories of information to be included in the annual reports of the Office of Internal Oversight Services (OIOS) were set out in the following documents:

(a) Secretary-General's bulletin ST/SGB/273 of 7 September 1994, paragraph 28:

(i) A description of significant problems, abuses and deficiencies, and related OIOS recommendations (see sect. II above);

(ii) Recommendations not approved by the Secretary-General (none);

(iii) Recommendations in previous reports on which corrective action has not been completed (see annex II below);

(iv) Management revised a decision from a previous period (none);

(v) Recommendations on which agreement could not be reached with management or where requested information or assistance was refused (see sect. II above);

(vi) The value of cost savings recommended and amounts recovered (see sect. I above).

(b) General Assembly resolution 56/246 of 24 December 2001:

(i) Information regarding the implementation rate of the recommendations of the previous three reporting periods (see sect. I above);

(ii) Information regarding the impact of the reorganization of OIOS on its work (A/57/451 and A/58/364);

(iii) Separate reporting on those recommendations that have been implemented, those that are in the process of being implemented and those for which no implementation process is under way, and the reasons for their non-implementation (see sect. II above and annex II below).

(c) General Assembly resolutions 59/270 and 59/271 of 23 December 2004: Provision of internal oversight of the entire claims process of the United Nations Compensation Commission and reporting regularly thereon in the context of the annual reports of OIOS (see sect. II above, paras. 73-83);

(d) General Assembly resolution 59/271 of 23 December 2004: Explanation of OIOS guidelines for measuring the impact of economies and savings and reporting to the General Assembly thereon in its next annual report (see annex III below);

(e) General Assembly resolution 59/272 of 23 December 2004:

(i) Annual reports should contain titles and brief summaries of all OIOS reports issued during the year (see annex IV below);

(ii) Semi-annual reports should contain titles and brief summaries of all other reports of OIOS issued in the reporting period.

Annex II

Critical recommendations on which corrective action has not been completed

As mandated in ST/SGB/273, the table below identifies critical recommendations previously reported to the General Assembly for which corrective action has not been completed, including those issued before 1 July 2004 for which implementation was not completed as at 30 June 2005.

A. Recommendations issued between 1 July 2001 and 30 June 2002

		Number of recommendations			
Client	*Title*	*Not issued*	*Not started*	*In progress*	*Completed*
Department for Disarmament Affairs	Inspection of programme management and administrative practices	1	0	1	0
	Inspection of programme management and administrative practices	1	0	1	0
	Inspection of programme management and administrative practices	1	0	1	0
Department of Management	Post-implementation review of the Integrated Management Information System (IMIS)	14	0	3	11
Department of Political Affairs	In-depth evaluation of electoral assistance	1	0	1	0
Economic Commission for Africa	Audit of Procurement and inventory/Stores management	21	0	3	18
Office of Legal Affairs	In-depth evaluation of legal affairs	22	0	1	21
United Nations Environment Programme	Audit of programme support costs	3	0	1	2
	Audit of the Division of Environmental Conventions	6	0	1	5
Office of the United Nations High Commissioner for Refugees	Operations in Egypt	2	0	1	1
United Nations Joint Staff Pension Fund	Contributions to the Fund	3	0	1	2
United Nations Office at Nairobi	Audit of the Contracts and Procurement Service	20	0	1	19
	Audit of the Mail Pouch and Archives Unit	8	0	7	1
	Audit of the Travel, Shipping and Transportation Unit	9	0	6	3
	Inspection of the administrative and management practices during the implementation of a Joint United Nations Programme on HIV/AIDS (UNAIDS) project	1	1	0	0
Total		**113**	**1**	**29**	**83**

B. Recommendations issued between 1 July 2002 and 30 June 2003

Client	*Title*	*Number of recommendations*			
		Net issued	*Not started*	*In progress*	*Completed*
Department of Economic and Social Affairs	Comprehensive audit of subprogramme 8: Public administration, finance and governance	29	0	1	28
Department of Management	Controls over the recording and processing of transactions related to the United Nations investment portfolio	6	0	1	5
Department of Management — Office of Human Resources Management	Possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement	1	0	1	0
	Possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement	1	0	1	0
	Possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement	1	0	1	0
	Possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement	1	0	1	0
	Possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement	1	0	1	0
	Possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement	1	0	1	0
Department of Management — Office of Central Support Services	Audit of controls over the United Nations laissez-passer at Geneva and Vienna	6	0	2	4
	Audit of Petrocelli contract	21	0	4	17
Department of Public Information	Review of the structure and operations of the United Nations information centres	23	0	3	20
Department of Peacekeeping Operations	Audit of United Nations-Habitat Housing Property Directorate	1	0	1	0
	United Nations Peacekeeping Force in Cyprus: audit report	4	0	1	3
	United Nations Organization Mission in the Democratic Republic of the Congo: military operations	4	0	1	3
Economic Commission for Africa	Audit of staff administration	6	0	1	5

Client	Title	Number of recommendations: Not issued	Not started	In progress	Completed
United Nations Human Settlements Programme	Audit of settlement rehabilitation programme, Northern Iraq	1	0	1	0
International Criminal Tribunal for Rwanda	Audit of special operations cash fund	10	0	3	7
Office for the Coordination of Humanitarian Affairs	Audit of office in Indonesia	9	0	1	8
United Nations Environment Programme	Audit of World Conservation and Monitoring Centre	15	0	14	1
Office of the United Nations High Commissioner for Human Rights	Audit of UNEP publications	8	0	4	4
	Management review	1	0	1	0
	Management review	1	0	1	0
	Management review	1	0	1	0
	Management review	1	0	1	0
	Management review	1	0	1	0
	Management review	1	0	1	0
Office of the United Nations High Commissioner for Refugees	Operations in Burundi	1	0	1	0
	Operations in Guinea	3	0	1	2
	Operations in the former Yugoslavia	1	0	1	0
	Use of United Nations volunteers	3	0	1	2
	Consultants	7	0	2	5
	Rental subsidies	4	1	0	3
Headquarters/Department of Peacekeeping Operations	Report of investigation into allegations involving the production of pornographic videotapes by staff of a MONUC aviation vendor	1	0	1	0
United Nations Joint Staff Pension Fund	Budget practices	5	0	1	4
United Nations Joint Staff Pension Fund — Investment Management Service	Audit of Investment Management Service — Investment Management	15	0	3	12
United Nations Office on Drugs and Crime	Country office, Islamic Republic of Iran	11	0	1	10
United Nations Office at Nairobi	Audit Division of Conference Services	8	0	4	4
	Audit of facilities management	7	0	2	5
	Audit of information technology management	10	0	3	7
	Audit of Print Shop	3	0	2	1
	Audit of staff administration	17	0	4	13

Client	Title	Number of recommendations: Not issued	Not started	In progress	Completed
	Report on the investigation into the alleged procurement anomalies in awarding United Nations staff transportation contract	1	1	0	0
Total		**253**	**2**	**78**	**173**

C. Recommendations issued between 1 July 2003 and 30 June 2004

Client	Title	Number of recommendations: Not issued	Not started	In progress	Completed
Department of Economic and Social Affairs	NGO accreditation process	19	0	4	15
Department of Management	Report to the General Assembly (A/58/294) on the audit of the functioning of the Headquarters Committee on Contracts	10	1	1	8
	Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures	1	1	0	0
	Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures	2	0	2	0
	Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures	1	0	1	0
	Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures	1	0	1	0
	Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures	1	0	1	0
Department of Management — Office of Central Support Services	Freight forwarding contract	8	0	1	7
	Capital master plan — current requirements for proposals/general conditions	15	0	8	7

Client	Title	Number of recommendations: Not issued	Not started	In progress	Complet
Department of Management — Office of Human Resources Management	Review of the structure and operations of the United Nations Medical Services Division	14	0	4	
Department of Political Affairs	Support services to the field	28	0	4	
Department of Peacekeeping Operations	Resident audit — liquidation of the United Nations Office of the Humanitarian Coordination in Iraq — human resources management	1	0	1	
	Finance management and support services	5	0	2	
	United Nations Logistics Base at Brindisi, Italy: Strategic stocks formation (AP2003/57/5)	12	1	4	
	Liquidation audit of the United Nations Iraq-Kuwait Observation Mission	1	0	1	
	Performance in civil administration/ direct contribution in Mitrovica and Peja/Pec regions	8	0	5	
Economic Commission for Africa	Review of programme and governance structure	28	0	3	
	Audit of follow-up on staff administration	2	0	1	
	Follow-up on travel	1	0	1	
International Criminal Tribunal for Rwanda	Office of the Prosecutor	6	0	4	
International Tribunal for the Former Yugoslavia	Overtime	8	0	6	
United Nations Organization Mission in the Democratic Republic of the Congo	Procurement — post facto cases	3	0	1	
Office of Human Resources Management	Audit of policies and procedures for recruiting staff in the Department of Peacekeeping Operations	3	2	0	
United Nations Compensation Commission	F-3 claims: part 2 of 3rd instalment (AF2002/27/3)	18	17	0	
United Nations Environment Programme	Audit of Division of Early Warning and Assessment	7	0	5	
	Audit of Division of Technology, Industry and Economics	13	0	2	
Office of the United Nations High Commissioner for Refugees	Staffing of emergency operations	5	0	4	
	Air operations	2	0	2	
	Operations in the Democratic Republic of the Congo	5	0	4	

Client	*Title*	*Number of recommendations*			
		Not issued	*Not started*	*In progress*	*Completed*
	Central emergency and regional stockpiles	7	0	6	1
	Operations in Pakistan	4	0	2	2
	Operations in Morocco	4	0	2	2
	Operations in Ethiopia	3	0	2	1
	Management Systems Renewal Project: Systems Implementer Contract	5	0	3	2
	Management Systems Renewal Project: Consultancy	3	0	3	0
	Media relations and public information service	5	0	1	4
	Operations in Gabon	2	0	1	1
	Operations in Uganda	2	1	0	1
	Housing maintenance element	3	0	3	0
United Nations Interregional Crime and Justice Research Institute	Audit of the Institute	3	0	1	2
United Nations Institute for Training and Research	Danish Project	2	0	1	1
United Nations Joint Staff Pension Fund	Cash management, Fund secretariat and the Investment Management Service	5	0	1	4
United Nations Mission in Ethiopia and Eritrea	Abuse of telephone billing system	2	0	1	1
United Nations Interim Administration Mission in Kosovo	Report of investigation into the fraudulent diversion of $4.3 million by a staff member of the Reconstruction Pillar of the United Nations Interim Administration Mission in Kosovo	7	1	1	5
United Nations Office on Drugs and Crime	Regional office for the Russian Federation and Belarus	2	0	1	1
United Nations Office at Geneva	Management of information and communication technology	6	0	5	1
	SAFI store	11	0	2	9
United Nations System Staff College	Audit of College	8	0	3	5
Total		**312**	**24**	**112**	**176**

Annex III

Explanation of guidelines for measuring the financial impact of recommendations

1. The information in the present annex is provided pursuant to paragraph 4 of General Assembly resolution 59/271.

2. Identifying the value of recommended cost savings and the amounts actually saved and recovered is one of the objectives of the Office of Internal Oversight Services (OIOS) and is a key performance indicator for assessing the impact of oversight activities (see ST/SGB/273, para. 28). Of the various types of oversight activities, internal audits tend to result in the majority of the recommended and actual cost savings reported by the Office. The potential and actual effects of audit recommendations are quantified and expressed in economic terms. The amount recovered or saved may be determined by a simple calculation of the overpayment made or may be the outcome of a more complex matrix with various factors and assumptions. Findings with a financial impact may be identified while analysing processes, reviewing the utilization of assets, assessing procurement activities, reviewing the compliance of benefits paid with rules and procedures or benchmarking costs against the cost of other entities carrying out similar activities.

3. The OIOS has developed guidelines on savings and recoveries, that provide auditors and other staff with a methodology and procedures for calculating and recording the financial impact of recommendations. The guidelines require each estimate to be clearly documented, setting out the methodology used (including the formula adopted and calculations made). For reasons of transparency, the estimated amount of potential savings or recoveries should be explicitly stated in the text of the recommendation and the underlying assumptions should be explained in the text of the report. Estimates are subject to internal quality assurance reviews by OIOS management. Clients are requested to comment on the acceptance of each recommendation. Savings and recoveries are not recorded as actual until evidence is provided that the recommendation has been fully implemented. For recurring savings or recurring additional income, the financial impact is calculated on the savings that can be achieved during a two-year period.

A. Recommended savings and recoveries

4. The financial implications of recommendations (savings and recoveries) are recorded and reported in final reports when the Office has established, and clients have agreed, that a recommendation would:

(a) Increase efficiency or effectiveness;

(b) Result in the recovery of amounts incorrectly disbursed;

(c) Result in additional income.

5. It should be noted that while it is desirable to have client agreement on recommendations with financial implications, in some instances clients might not concur. In such cases, the financial impact of the recommendation will be reported if the Office remains convinced of its validity.

6. Examples of impact achieved through such audit findings include the following:

(a) Improvement in processes and programme delivery with a given amount of resources;

(b) Enhancement of procurement procedures to obtain better value for money;

(c) Recovery of overpayments of entitlements or of grants used for ineligible purposes;

(d) Receipt of compensation for stock or equipment lost by a third party.

B. Actual savings and recoveries

7. The actual savings and recoveries reported in the annual reports of OIOS are the result of various actions taken by management to implement recommendations, which include:

(a) Expenditure reduction through the merger of operating units;

(b) Renegotiating fuel prices paid to realign them with the prices paid by other United Nations organizations operating in the country;

(c) Limiting procurement of local goods that were of a higher price and an inferior quality;

(d) Improving planning and ensuring cost-effective purchasing.

C. Loss and waste

8. In addition to reporting savings and recoveries, OIOS tracks instances where the Organization has incurred losses or has wasted resources owing to mismanagement and no recovery or savings are possible. The amounts of such preventable losses are reported as unrecoverable losses due to mismanagement. In many cases, this may trigger a recommendation to determine the responsibility for the loss (Financial Regulation 6.4) or to establish financial responsibility for gross negligence (Staff Rule 112.3).

Annex IV

Titles and summaries of reports of the Office of Internal Oversight Services: 1 July 2004 to 30 June 2005

The Office of Internal Oversight Services (OIOS) issued 266 oversight reports during the 12-month period from 1 July 2004 to 30 June 2005. The description of the subjects of the oversight reports presented below is limited to those that were not issued to the General Assembly and is brief in keeping with the strict page limitation imposed.

A. Reports to the General Assembly

1. Integration of global management of conference services (A/59/133 and Corr.1)
2. Follow-up audit of the policies and procedures of the Department of Peacekeeping Operations for recruiting international civilian staff for field missions (A/59/152)
3. Inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO (A/59/229)
4. Impact of human resources management reform (A/59/253)
5. Audit of safeguarding air safety standards while procuring air services for the United Nations peacekeeping missions (A/59/347)
6. Annual report of the Office of Internal Oversight Services for the period from 1 July 2003 to 30 June 2004 (A/59/359)
7. Review of the operations and management of the United Nations libraries (A/59/373)
8. Availability in local labour markets of the skills for which international recruitment for the General Service category takes place (A/59/388)
9. Utilization and management of funds appropriated during the 2002-2003 biennium for strengthening security and safety of United Nations premises (A/59/396)
10. Management review of the appeals process at the United Nations (A/59/408)
11. Audit of the United Nations capital master plan for the period from August 2003 through July 2004 (A/59/420)
12. First year of experience of regional investigators in two hubs, Vienna and Nairobi (A/59/546)
13. Investigation into allegations of sexual exploitation and abuse in the United Nations Organization Mission in the Democratic Republic of the Congo (A/59/661)
14. Audit of mission subsistence allowance policies and procedures (A/59/698)
15. Global audit of field security management (A/59/702)

16. Review of operational capacity of United Nations Military Observers (A/59/764)

17. Proposals on the strengthening and monitoring of programme performance and evaluation (A/60/73)

B. Report to the Commission on Human Rights

18. Evaluation of the United Nations Voluntary Fund for Victims of Torture (E/CN.4/2005/55)

C. Reports to the Committee for Programme and Coordination

19. Evaluation of linkages between headquarters and field activities: a review of best practices for poverty eradication in the framework of the United Nations Millennium Declaration (E/AC.51/2005/2)

20. In-depth evaluation of the United Nations Human Settlements Programme (UN-Habitat) (E/AC.51/2005/3)

21. Triennial review of the implementation of the recommendation made by the Committee for Programme and Coordination at its forty-second session on the in-depth evaluation of General Assembly and Economic and Social Council affairs and Economic and Social Council support and coordination (E/AC.51/2005/4)

22. Triennial review of the implementation of the recommendation made by the Committee for Programme and Coordination at its forty-second session on the in-depth evaluation of legal affairs (E/AC.51/2005/5)

D. Oversight reports to programme managers

Department of Management

23. Procurement vendor roster

    Assesses the adequacy, efficiency and effectiveness of the roster and determines adherence by the Procurement Division to procurement rules when evaluating applicants and using the roster.

24. High-level post implementation review of e-Assets

    Assesses the completeness, accuracy and reliability of the information in the system and determines the extent to which the goals were achieved to date.

25. Review of Galaxy

    Assesses the interfaces with other United Nations core systems; the adequacy of technical support and monitoring of the system; and whether mechanisms exist to effectively capture the concerns of users and implement corrective action.

26. Office of Human Resources Management: review of information and communications technology (ICT) management

Evaluates the adequacy and effectiveness of procedures to ensure proper governance of ICT; the existence of an ICT strategy and appropriate organizational structure; adequate security; and continuity planning and technical support to users.

27. Investigation into allegations of vendor favouritism and retaliation against a former staff member in the Procurement Division

Department of Economic and Social Affairs

28. Audit of the Department's regional programme framework for Europe and the Commonwealth of Independent States: capacity-building and informative exchange

Covers all substantive and administrative aspects of the project, focusing on the delivery of project outputs, their timeliness and relevance.

29. Audit of technical assistance provided by the Department to project in Burkina Faso (BKF/00/001/99) funded by the United Nations Development Programme (UNDP)

Assesses the efficiency and effectiveness of project implementation; reviews the role and impact of the interregional adviser, coordination among the Departmental services for technical assistance, and coordination between the Department, UNDP and the Government.

30. Audit of knowledge management of the Department's websites

Assesses the effectiveness of the Department's websites/networks in two of its divisions with reference to their programmatic focus and knowledge products.

31. Investigation into allegations of retaliation against a staff member

United Nations Joint Staff Pension Fund

32. Audit of the Investment Management Service investment performance measurement system

Assesses the investment performance measurement process and reporting system at the Investment Management Service and the appropriateness of benchmarking and investment performance reporting in conformity with best industry practices; determines the adequacy and effectiveness of the internal controls.

33. Review of direct investment in real estate

Reviews the direct investment made by the Fund in a building on East 41st Street in New York City ($180 million).

34. Audit of certificates of entitlement

Assesses the effectiveness of internal controls in verifying the continuous eligibility of the beneficiaries to their entitlements benefits; determines adherence to established policies and procedures; and follows up on previous recommendations.

35. Audit of the United Nations Joint Staff Pension Fund Administration System (PENSYS)

Assesses the system's operational functionality, the appropriateness of its technological level, and the effectiveness of internal controls.

36. Audit of the Emergency Fund

Assesses the effectiveness of internal controls applied in selecting and processing emergency cases for payment; and determines adherence to and relevance of established policies and procedures for Emergency Fund disbursements.

37. Audit of benefit processing

Assesses the effectiveness of internal controls applied in calculating benefit entitlements and monitoring the continuing eligibility to benefits in order to prevent overpayment of benefits.

Office for the Coordination of Humanitarian Affairs

38. Audit of the office in Geneva

Assesses whether the Office is adequately managed and its resources used efficiently and effectively.

39. Audit of the office in the Sudan

Assesses the effectiveness and efficiency of programme implementation and internal controls over the use of resources.

Department for General Assembly and Conference Management

40. Audit of the documents reproduction and distribution function

Assesses the extent to which improvements related to the documents reproduction and distribution functions as set forth in document A/57/289 and Corr.1 for improving the performance of the Department for General Assembly and Conference Management were implemented.

Department of Peacekeeping Operations

41. Review of the information and communications technology function

Takes stock of improvements in information and communications technology management within the Department.

42. Audit of United Nations Mine Action Service

Focuses on the coordination of mine action activities, project and programme planning, execution and monitoring by the Service.

43. Review of selected peacekeeping procurement cases

Examines eight specific procurement cases.

44. Audit of procurement of goods and services through the use of letters of assist

Follows up on the status of implementation of earlier recommendations (A/57/718).

45.-64. Reviews of field security management (20 reports)

See document A/59/702.

United Nations Mission for the Referendum in Western Sahara

65. Audit of the Mission

Covers activities in the areas of planning, procurement, personnel, communications, transport and air operations.

66. Review of the state of discipline

Assesses the state of discipline; identifies gaps in existing policies and procedures; and identifies tools required to maintain adherence to the code of conduct (see also 155, 170 and 171).

United Nations Interim Administration Mission in Kosovo

67. Investigation into allegations regarding cash withdrawals from a bank account for Pristina airport

68. Investigation into allegations of fraud in storing of cargo at Pristina airport

69. Investigation into allegations of improprieties in the procurement, construction and occupation of six apartments owned by Pristina airport

70. Investigation into allegations of sexual exploitation/rape committed by a staff member at Pristina airport

71. Investigation into allegations of violations of procurement procedures at Pristina airport

72. Investigation into allegations of improprieties in the procurement and installation of a radar system at Pristina airport

73. Investigation into allegations of possible bribery at Pristina airport

74. Investigation into allegations of irregularities in the provision of a heating ventilation and air conditioning system at Pristina airport

75. Investigation into allegations of fraud in the cargo department at Pristina airport

76. Investigation into allegations of misconduct with regard to Pristina airport charges

77. Investigation into allegations of irregularities in the procurement and contract award for a new car park at Pristina airport

78. Investigation into allegations of irregularities in the procurement and contract award for winter and summer uniforms at Pristina airport

79. Investigation into allegations of irregularities in a construction contract at Pristina airport

80. Investigation into allegations of irregularities in a contract for construction at Pristina airport

81. Investigation into allegations of irregularities in a construction contract for the passenger terminal of Pristina airport

82. Investigation into allegations of irregularities in two tender processes at Pristina airport

83. Investigation into allegations of irregularities in a single source contract at Pristina airport

84. Investigation into allegations of irregularities in the procurement for the extension of the cargo apron at Pristina airport

85. Investigation into allegations of theft and corruption arising out of fees at Pristina airport

86. Investigation into allegations of irregularities in the award of contracts for the maintenance and repair at Pristina airport

87. Investigation into allegations of possible administrative irregularities regarding tender procedures at Pristina airport

88. Investigation into a crime report at Pristina airport

89. Investigation into allegations of administrative irregularity at Pristina airport

90. Investigation into allegations of bribes/kickbacks for employment at Pristina airport

91. Investigation into allegations of bribery and favouritism in the procurement of uniforms by Pristina airport

92. Investigation into allegations of administrative irregularity at the Mission

93.-95. Three investigations into procurement irregularities at the Mission

96. Investigation into allegations of irregularities related to a Mission bank account

97. Investigation into allegations of bribes paid for visa applications

98. Investigation into allegations of misappropriation of funds

United Nations Organization Mission in the Democratic Republic of the Congo

99. Audit of communication: telephone billing system

Assesses the cost efficiency of the Mission's communications service providers and the adequacy of controls in place to ensure accurate and timely recording, tracking and accountability for all personal and official telephone calls.

100. Audit of asset management

Ascertains whether proper controls exist for receiving and inspecting all United Nations-owned equipment assigned to the Mission; and for accurate and timely recording as well as tracking of assets.

101. Audit of Quick Impact Projects

Determines implementation of previous audit recommendations; the adequacy of the monitoring of funds disbursed; and the effectiveness of internal controls for selecting projects and implementing partners.

102. Audit of the medical insurance plan

Assesses the existence of adequate control mechanism to process medical claims in an efficient, economic and effective manner so that the Organization only pays for those claims that meet eligibility requirements (see also 158).

103. Audit of contingent-owned equipment

Assesses the effectiveness of controls in managing contingent-owned equipment and compliance with the terms and conditions of relevant memorandums of understanding (see also 141).

104. Audit of reimbursements to troop-contributing countries

Assesses the adequacy of controls over the reporting of troop strength and determines whether reimbursements made were based on verification of actual troop strength (see also 153 and 160).

105. Audit of property rentals

Assesses existence of adequate controls to ensure that leased property is managed with due regard for economy and efficiency.

106. Audit of procurement of engineering and airfield goods and services

Determines whether procurement is carried out in accordance with United Nations regulations and rules, with due regard to value for money, integrity and transparency and timeliness of delivery of goods and services.

107. Audit of inventory controls of expendables

Assesses if adequate accounting, security and management controls are in place to ensure efficient management of expendable property.

108. Audit of the administration of rations contracts

Assesses the adequacy of controls over logistics, delivery and the quality of food rations as well as compliance with contract terms by the contractor with a view to ensuring operational efficiencies in rations management (see also 142, 150, 159 and 164).

109. Audit of mine operations

Evaluates the achievement of the Mission's mandate relating to mine action; assesses the effectiveness of expenditures incurred with regard to mine action projects; and the degree of coordination between various parties responsible for mine action.

110. Audit of inland freight

Determines if inland freight services were obtained in accordance with United Nations procurement rules and regulations, ensuring best value for money, integrity and transparency.

111. Audit of the Beni-Bunia road project

Analyses the causes of delays and cost overruns due to delays in implementing the project.

112. Investigation into allegations of misconduct by a staff member

113. Investigation into allegations of sexual exploitation and abuse of girls in the Democratic Republic of the Congo by peacekeepers (internal report)

114.-132. Investigations into allegations of sexual exploitation and abuse by peacekeeping force contingents against minor girls (19 reports)

133. Investigation into allegations of a leak of bid information and conflict of interest in the Procurement Division

134. Investigation into allegations of sexual harassment, sexual exploitation and pornography

135. Investigation into allegations of thefts from the medical warehouse

136. Investigation into allegations of counterfeit and/or altered cheques

137-138. Investigations into allegations of mismanagement and possible abuse of resources (2 reports)

139. Investigation into allegations of serious misconduct by United Nations personnel

140. Investigation into allegations of fraudulent and deceptive conduct

United Nations Mission in Sierra Leone

141. Audit of contingent-owned equipment

See 103.

142. Audit of the administration of rations contracts

See 108, 150, 159 and 164.

143. Audit of the Transport Section

Assesses whether: the mix of vehicles in the Mission's fleet is suitable for the requirements; the vehicles were allocated to the various entities in line with the requirements; and fleet assets were adequately maintained, safeguarded and insured.

144. Audit of fuel management

Assesses existence of adequate controls over the receipt and distribution of fuel; evaluates the adequacy and effectiveness of the fuel consumption monitoring system; and reviews the effectiveness of the contracts management process.

145. Audit of air operations

Determines whether the aircraft fleet is utilized safely and economically; and whether air operations provides services efficiently, effectively and in compliance with the relevant procedures, regulations and rules.

146. Audit of projects executed by the Mission

Assesses compliance of projects with established financial regulations, rules and procedures and adequacy of follow-up; examines the effectiveness of mechanisms in place for implementing the projects; and assesses the impact of projects on beneficiaries.

147. Audit of engineering and infrastructural works

Determines whether the activities of the Engineering Section were carried out efficiently and effectively; and whether the work order process was adequate and efficient.

148. Investigation into alleged fuel misappropriation

United Nations Mission of Support in East Timor

149. Audit of liquidation of the Mission: environmental issues

Determines whether the Mission has effective systems in place for waste management to enable the appropriate and timely handover of sites/premises to the Government with minimum risk to human health and the environment.

150. Audit of the administration of rations contracts

See 108, 142, 159 and 164.

151. Audit of procurement contracts

Assesses the adequacy and effectiveness of internal controls in procurement, including the system for acquisition, registration of vendors, bidding process and award of contracts.

152. Audit of budgetary control

Assesses the efficiency and effectiveness of controls in implementing the budget; and compliance with United Nations regulations and rules for preparing, implementing, monitoring and reporting on the budget.

153. Audit of reimbursements to troop-contributing countries

See 104 and 160.

154. Audit of the medical store

Determines whether the procurement of medical supplies is well planned; ensuring that medical stock is properly accounted for and that expired medicines are properly disposed of in accordance with approved procedures.

155. Review of the state of discipline

See 66, 170 and 171.

United Nations Mission in Ethiopia and Eritrea

156. Audit of demining operations

Assesses the efficiency and effectiveness of demining operations in the Mission area.

157. Audit of the migration of the field assets control system database

Examines the data migration component of the Galileo implementation plan to ascertain the integrity of the migration of the records of the field assets control system to the Galileo Inventory Management System.

158. Audit of the medical insurance plan

See 102.

159. Audit of the administration of rations contracts

See 108, 142, 150 and 164.

160. Audit of reimbursements to troop-contributing countries

See 104 and 153.

161. Audit of procurement fraud indicators

Identifies fraud indicators in the procurement of goods and services.

162. Audit of personnel vacancy rates

Identifies vacancy rates as well as the processes and time taken to fill vacancies; determines the causes for delays in filling vacancies; and assesses the resulting impact on mission operations.

United Nations Mission in Liberia

163. Audit of contracts for petroleum products

Ascertains the adequacy and reliability of internal controls to manage petroleum contracts and fuel usage.

164. Audit of the administration of rations contracts

See 108, 142, 150 and 159.

165. Audit of procurement activities

Assesses whether the Mission obtained good quality products and services at competitive prices and whether procurement was carried out in compliance with pertinent United Nations financial rules and regulations and procurement manuals (see also 168).

166. Investigations Division risk-assessment report regarding the Mission.

United Nations Stabilization Mission in Haiti

167. Audit of security arrangements

Determines whether the Mission had implemented an adequate security framework; whether security arrangements complied with United Nations guidelines and procedures; and whether these guidelines adequately protected United Nations staff and premises.

United Nations Assistance Mission in Afghanistan

168. Audit of procurement activities

See 165.

169. Audit of travel claims

Assesses the effectiveness of internal controls for ensuring compliance with United Nations rules and regulations; and whether travel funds were spent economically and efficiently.

United Nations Logistics Base at Brindisi, Italy

170. Review of the state of discipline

See 66, 155 and 171.

United Nations Military Observer Group in India and Pakistan

171. Review of the state of discipline

See 66, 155 and 170.

United Nations Operation in Burundi

172. Preliminary investigation into allegations of potential sexual exploitation and drug-related issues

United Nations Political Office for Somalia

173. Investigation into allegations of misconduct by a staff member at the United Nations Office at Nairobi

Special Court for Sierra Leone

174. Audit of the Special Court for Sierra Leone

Assesses the Court's effectiveness and efficiency in discharging its responsibilities; the adequacy and effectiveness of the internal control system; and whether the procurement and inventory control systems assure economy and efficiency.

United Nations Compensation Commission

175. Audit of E-1 claims, 10th instalment

Assesses compliance with Security Council resolutions and decisions of the Governing Council of the United Nations Compensation Commission on processing claims; evaluates the adequacy of internal controls; and determines if the evaluation methodologies and evidentiary standards have been consistently applied.

176. Audit of D-1 claims, 19th instalment

As above.

177. Audit of F-4 claims, 5th instalment

As above.

178. Advisory opinion of OIOS on the review of selected "D" claims

Provides the United Nations Compensation Commission with an independent, professional advisory opinion on auditing and investigative matters regarding 79 "D" claims where the Commission had found indications of a high risk of overpayment.

United Nations Development Programme

179. Investigation into allegations of fraudulent check payments

United Nations Population Fund

180. Investigation into allegations of solicitation and acceptance of kickbacks

Economic and Social Commission for Asia and the Pacific

181. Audit of the Economic and Social Commission for Asia and the Pacific

Examines implementation of the Commission's programme of work; management of technical cooperation projects; human resources management; procurement; and security and safety.

Economic Commission for Africa

182. Audit of information technology (IT) management

Assesses IT governance and planning framework; the appropriateness of the IT activities undertaken; the adequacy of the arrangements for identification and oversight of IT activities; and compliance with United Nations regulations and rules (see also 199).

183. Investigation into allegations of misappropriation of funds at a conference

184. Investigation into allegations of certain irregularities in the award of catering contracts

185 and 186. Investigations into allegations of recruitment irregularities and abuse of authority (2 reports)

187. Investigation into allegations of fraudulent cheques

188. Investigation into allegations of unauthorized activities by staff of the Economic Commission for Africa

189. Investigation into allegations of divulging official matters to persons outside the United Nations

190. Investigation into allegations of wrongful termination and sexual harassment

International Criminal Tribunal for Rwanda

191. Audit of court management

Assesses the effectiveness of the Court Management Section of the Tribunal in providing administrative, judicial and logistic support to the proceedings of the three trial chambers in Arusha and the appeals chamber in The Hague.

192. Investigation into the circumstances of the disappearance of United Nations property

193. Investigations into allegations of improper and unauthorized Internet access by persons at the United Nations Detention Facility at the Tribunal

194. Investigation into allegations of misconduct, including fraud, by an individual serving as defense counsel

195 and 196. Investigation into allegations of misconduct in the Building Management Section (2 reports)

197. Investigation into allegations of undue remuneration of an intern

198. Investigation into allegations of rape and abuse of authority

International Tribunal for the Former Yugoslavia

199. Audit of IT management

See 182.

United Nations Human Settlements Programme

200. Investigation into allegations of misconduct

United Nations Environment Programme

201. Audit of the secretariat of the Convention on the Conservation of Migratory Species of Wild Animals and co-located agreement secretariats

Evaluates administrative arrangements for the secretariat of the Convention on the Conservation of Migratory Species of Wild Animals and its co-located agreement secretariats.

202. Audit of the Post-Conflict Assessment Unit

Assesses the adequacy of arrangements for handling the administration of the Unit in accordance with United Nations and UNEP regulations and rules.

203. Investigation into allegations of misconduct in the Post-Conflict Assessment Unit

United Nations Office at Nairobi

204. Audit of education grant and dependency allowance

Assesses the adequacy, effectiveness and efficiency of internal controls established for managing and administering education grant and dependency allowance entitlements.

205. Audit of home leave and rental subsidy

Assesses the adequacy, effectiveness and efficiency of internal controls established for managing and administering the home leave and rental subsidy entitlements.

206. Audit of mobility, hardship and non-removal allowance

Assesses the adequacy, effectiveness and efficiency of internal controls established for managing and administering mobility, hardship and non-removal allowance.

207. Audit of human resources management

Assesses the administration of staff entitlements and whether adequate guidance and procedures are in place to evaluate the adequacy, effectiveness and efficiency of internal controls and the level of compliance with the United Nations rules and regulations.

208. Investigation into allegations of irregularities in the award of the main cafeteria contract

209. Investigation into allegations of irregularities in the award of a bus contract

210. Preliminary investigation into allegations of possible misconduct by locally recruited staff members

United Nations Office on Drugs and Crime

211-213. Audit of country offices in Nigeria, Bolivia and Afghanistan

Covers programme management and field office administration.

United Nations Office at Vienna

214. Audit of the administration of entitlements

Assesses compliance with United Nations regulations and rules, as well as the efficiency of the systems and procedures established for administering entitlements (see also 220).

215. Audit of the Committee on Contracts

Evaluates the efficiency and effectiveness of the Committee on Contracts and its compliance with United Nations regulations and rules (see also 225 and 258).

216. Audit of ICT management

Evaluates the achievements and plans for implementation of the IT strategy under the responsibility of the United Nations Office at Vienna and the governance and organizational structure of ICT.

Office of the United Nations High Commissioner for Human Rights

217. Audit of the United Nations Voluntary Fund for Victims of Torture

Focuses on the financial management of the Fund with grants amounting to $12.5 million for 199 projects in 2002-2003.

218. Audit of the use of the United Nations Office for Project Services

Determines compliance of activities with the terms of the current memorandum of understanding to evaluate the reliability of financial and accounting information and to assess the performance level of services provided by the United Nations Office for Project Services.

219. Investigations Division: review of potential risks

United Nations Conference on Trade and Development

220. Audit of the administration of entitlements

See 214.

221. Investigation into allegations of abuse of authority in relation to the practice of hiring staff under the 200 series of the staff rules

222. Investigation into allegations of failure to honour private legal obligations by an UNCTAD staff member

United Nations Research Institute for Social Development

223. Audit of the Institute

Assesses the adequacy and effectiveness of the current governance structure and linkages with other United Nations entities; reviews the current funding arrangements and their sustainability; and determines the effectiveness of management practices to achieve the programme objectives.

United Nations Institute for Disarmament Research

224. Audit of the Institute

Assesses the adequacy and effectiveness of the current governance structure; reviews the current funding arrangements; and determines the effectiveness of management practices to achieve the programme objectives.

United Nations Office at Geneva

225. Audit of the Committee on Contracts

See 215 and 258.

226. Audit of education grants

Assesses the adequacy, effectiveness and efficiency of internal controls established for managing and administering the education grant entitlement.

227. Audit of the memorandums of understanding with users

Assesses the adequacy of the procedures implemented by the United Nations Office at Geneva for the administration of memorandums of understanding, the efficiency of the management of the memorandums and the level of client satisfaction.

228. Audit of rental subsidy

Assesses the adequacy, effectiveness and efficiency of internal controls established for managing and administering the rental subsidy entitlement.

229. Overtime at the United Nations Office at Geneva

The audit was conducted to assess the adequacy and effectiveness of overtime policies and guidelines established at the Office to evaluate the implementation of the policies and guidelines with regard to authorization, recording and payment of overtime and night differential, covering 2002, 2003 and 2004, with expenditure totalling some $4.64 million.

230. Investigation into allegations of misuse of United Nations assets

231. Investigations Division: examination of deficiencies in security and safety

Office of the United Nations High Commissioner for Refugees

232-256. Audits of operations covering programme and administrative activities were conducted in the following countries (25 reports):

Afghanistan, Albania, Austria, Bangladesh, Central African Republic, Chad (audit of the emergency operation and a follow-up audit), Costa Rica, Germany, Guinea, Kenya, Liberia (emergency operation), Malawi, Mexico, Senegal, Sierra Leone, Sweden (regional office), the Sudan, Switzerland, Tunisia, Turkmenistan, Ukraine, Yemen, Zambia and Zimbabwe.

257. Audit of supplementary programme for Iraq

Reviews the financial aspects of the supplementary programme for Iraq at the headquarters of UNHCR in Geneva.

258. Audit of the Committee on Contracts

See 215 and 225.

259. Audit of payroll

Reviews the interfaces of the payroll system, focusing on those affected by the transfer of payroll responsibility from the United Nations Office at Geneva to UNHCR at the end of 2003.

260. Comparative review of the desk function

Review undertaken to understand how the desks operate and to determine their main functions.

261. Audit of the management systems renewal project post-implementation review: supply module

Assesses the adequacy of procedures and controls over data input, processing and output, and determines if information processing complies with established business rules and is accurate, reliable and timely.

262. Audit of the management systems renewal project post-implementation review: finance module

As above.

263. Investigation into allegations of misconduct by a staff member

Other

264. Audit of selected attendance records in various departments

Ascertains the accuracy of the annual leave balance and sick leave entitlements and provides guidance and assistance to executive officers responsible for maintaining attendance records.

265. Investigation into allegations of identify theft

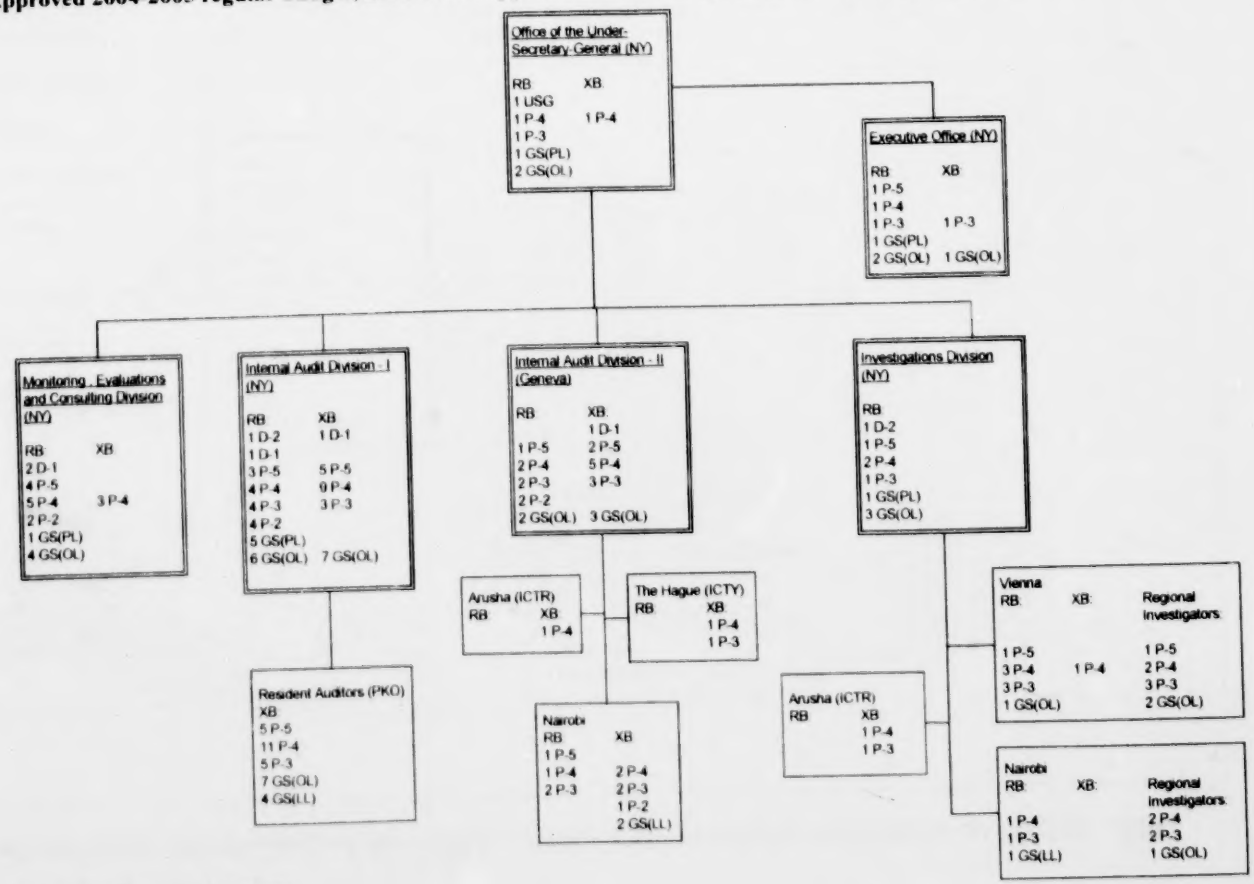
266. Investigations Division: risk assessment for fraud and violations of the United Nations Staff Regulations and Rules in the United Nations tsunami disaster relief programmes

Annex V

Organizational chart

Office of Internal Oversight Services: organizational structure and post distribution for the biennium 2004-2005

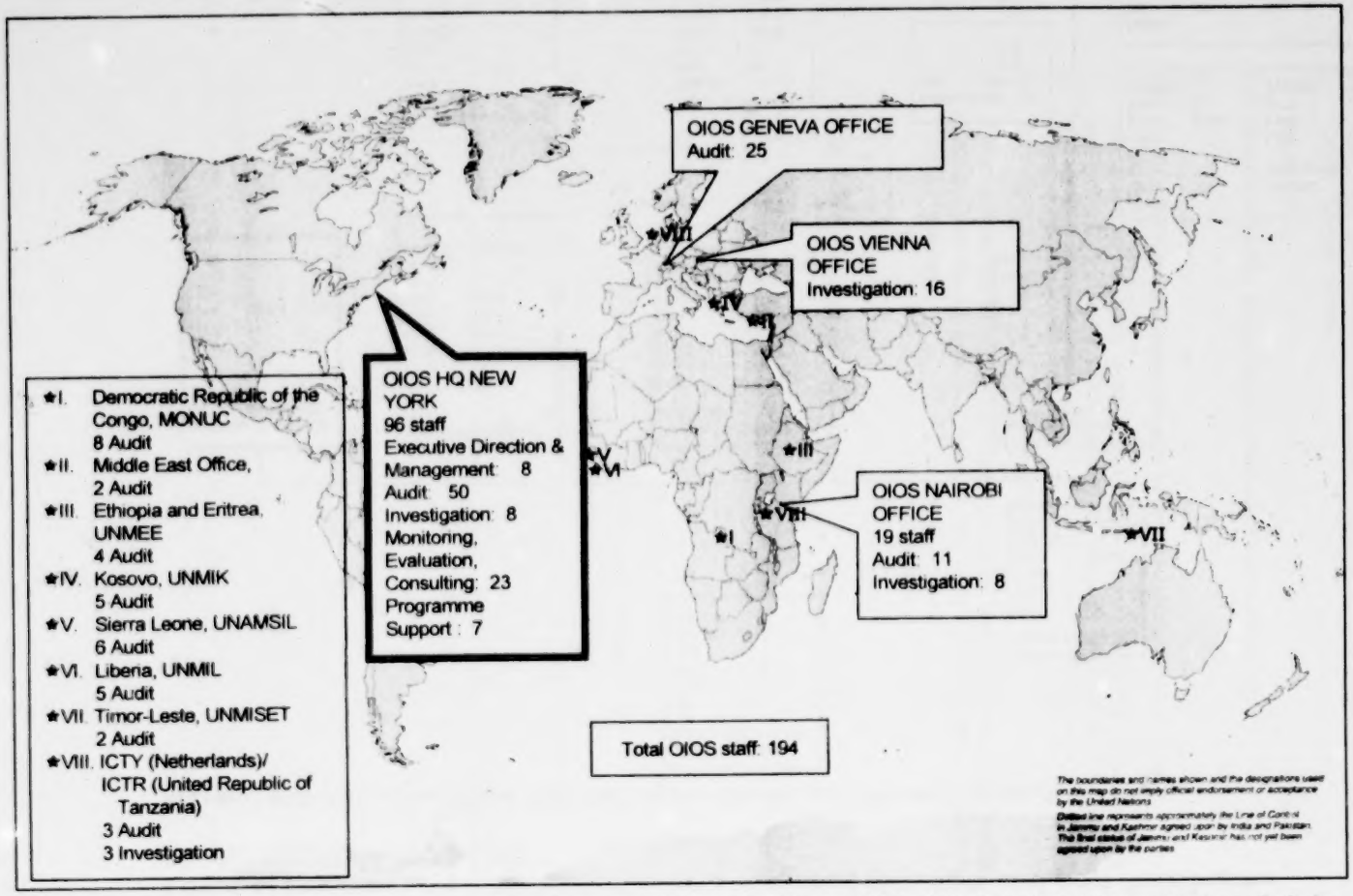
Approved 2004-2005 regular budget; 2004-2005 support account; and 2005 other extrabudgetary funds


Office of the Under-Secretary-General (NY)
RB: 1 USG, 1 P-4, 1 P-3, 1 GS(PL), 2 GS(OL)
XB: 1 P-4
Executive Office (NY)
RB: 1 P-5, 1 P-4, 1 P-3, 1 GS(PL), 2 GS(OL)
XB: 1 P-3, 1 GS(OL)
Monitoring, Evaluations and Consulting Division (NY)
RB: 2 D-1, 4 P-5, 5 P-4, 2 P-2, 1 GS(PL), 4 GS(OL)
XB: 3 P-4
Internal Audit Division - I (NY)
RB: 1 D-2, 1 D-1, 3 P-5, 4 P-4, 4 P-3, 4 P-2, 5 GS(PL), 6 GS(OL)
XB: 1 D-1, 5 P-5, 9 P-4, 3 P-3, 7 GS(OL)
Internal Audit Division - II (Geneva)
RB: 1 P-5, 2 P-4, 2 P-3, 2 P-2, 2 GS(OL)
XB: 1 D-1, 2 P-5, 5 P-4, 3 P-3, 3 GS(OL)
Investigations Division (NY)
RB: 1 D-2, 1 P-5, 2 P-4, 1 P-3, 1 GS(PL), 3 GS(OL)
Arusha (ICTR)
RB
XB: 1 P-4
The Hague (ICTY)
RB
XB: 1 P-4, 1 P-3
Resident Auditors (PKO)
XB: 5 P-5, 11 P-4, 5 P-3, 7 GS(OL), 4 GS(LL)
Nairobi
RB: 1 P-5, 1 P-4, 2 P-3
XB: 2 P-4, 2 P-3, 1 P-2, 2 GS(LL)
Arusha (ICTR)
RB
XB: 1 P-4, 1 P-3
Vienna
RB: 1 P-5, 3 P-4, 3 P-3, 1 GS(OL)
XB: 1 P-4
Regional investigators: 1 P-5, 2 P-4, 3 P-3, 2 GS(OL)
Nairobi
RB: 1 P-4, 1 P-3, 1 GS(LL)
XB: 2 P-4, 2 P-3, 1 GS(OL)
Regional investigators

As per RB-NY allotment 05000449 dd 30/04/04
As per RB-Geneva allotment 05000450 dd 30/04/04
As per RB-Nairobi allotment 05000428 dd 05/03/04
As per RB-Vienna allotment 05000436 dd 25/03/04

Annex VI

Global post distribution of the Office of Internal Oversight Services as at 30 June 2005



Note: Resident auditors at the United Nations Operation in Burundi, the United Nations Stabilization Mission in Haiti, the United Nations Mission in the Sudan, the United Nations Operation in Côte d'Ivoire and Afghanistan came on board in 2005-2006 (1 July 2005-30 June 2006).